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ANNALS

OF

FIFTY-FIFTH VOLUME

OF THE

PROCEEDINGS OF THE HOUSE OF COMMONS

PARLIAMENT OF CANADA

SEVENTH YEAR

1896-1897

PRINTED BY THE QUEEN'S PRINTER



APPENDIX

TO THE

SIXTY-FIFTH VOLUME

OF THE

JOURNALS OF THE HOUSE OF
COMMONS

DOMINION OF CANADA

SESSION 1928

PRINTED BY ORDER OF PARLIAMENT



OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1928

APPENDIX

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SIXTY-FIFTH VOLUME

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DOMINION OF CANADA

SESSION 1938

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PRINTED BY THE KING'S PRINTER
R. J. M. GARDNER
OTTAWA

LIST OF APPENDICES—SESSION 1928

- No. 1.—Select Standing Committee on Banking and Commerce: Reports its investigation on the operations of companies carrying on sickness and accident insurance business in Canada as ordered by the House on the 27th of March, and recommending in its Sixth Report, that the Superintendent of Insurance be instructed to draft amendments in keeping with the facts adduced, for incorporation in a general amending Act to The Insurance Act. A copy of the evidence taken in respect thereto is submitted with this report. *Not printed. See Journals at pages 306 and 385.*
- No. 2.—Special Committee on Pensions and Returned Soldiers' Problems: Reports its consideration of all matters connected with pensions and returned soldiers' problems as ordered by the House on the 15th of February and 10th of April, and recommends amendments to the Pension Act, the Returned Soldiers' Insurance Act, the Canteen Funds Act, the Land Settlement Act, etc., in its Fourth and Final Report. A copy of the printed proceedings and evidence is also submitted with this report. The Committee also recommends that its orders of reference, reports, the proceedings and evidence, together with a suitable index, be printed as an appendix to the Journals and also for distribution in blue book form, not exceeding 500 copies in English and 200 copies in French. *Printed. See Journals at pages 315 and 344.*
- No. 3.—Select Standing Committee on Banking and Commerce: Reports its consideration upon the possible improvements of our banking system as ordered by the House on the 13th of February, and recommends that the Government, through the Minister of Finance and the Treasury Board, invite into conference the bankers of Canada, together with other competent persons with experience in such matters, to give further study to the subject matter of this report, etc. The House, on the 23rd of May, ordered that the proceedings and the evidence taken by the Committee in this matter be printed as an appendix to the Journals, and that 750 copies in English and 250 copies in French be printed in blue book form. *Printed. See Journals at pages 343, 367 and 447.*
- No. 4.—Select Standing Committee on Industrial and International Relations: Reports its consideration in respect to insurance against unemployment, sickness and invalidity, as ordered by the House on the 21st of March, in its Third and Final Report. Suggestions and recommendations are therein set out with a view to having this question again referred to this Committee at the next session. On the 31st of May this report was referred back to the Committee with instructions to amend paragraph 8 relating to printing. The Committee, in accordance with the instructions, did amend the said paragraph as set out in its Fourth Report which recommends that 750 copies in English, and 250 copies in French, of this report, and the evidence upon which it is based, be printed in blue book form. *Printed. See Journals at pages 411, 468, 476, 477 (Mr. Speaker's Ruling), 483, 486 and 514.*

No. 5.—Special Committee on Judges' Salaries: The Committee with its Second and Final Report submitted a printed copy of its minutes of proceedings and evidence for the information of the House. Report not concurred in. *Not printed.* See Journals at page 419.

No. 6.—Select Standing Committee on Privileges and Elections: Reports its investigation into the alleged existence of corrupt or illegal practices in the electoral district of Athabaska, as ordered by the House on the 29th of March, and sets out in its Second and Final Report several recommendations. A copy of the minutes of proceedings and the evidence taken is submitted for the information of the House. *Not printed.* See Journals at pages 485 and 499.

No. 7. Select Standing Committee on Agriculture and Colonization: The Committee in its Ninth Report submits the consideration it has given upon the feasibility of utilizing the protein content of wheat as a basic factor in the grading of that product, as ordered by the House on the 16th of February. The report contains several recommendations, one of which relates to the printing of a protein map prepared by Dr. Birchard, for distribution, and also a similar map to be prepared by the Research Laboratory, for distribution as early as possible in each year. The House on the 9th of June agreed to a motion for the printing of 10,000 copies in English and 2,500 copies in French of the evidence, together with the Committee's report on the consideration given to the grading and inspection of wheat, in blue book form, and also to the distribution thereof, free of charge, by the Department of Trade and Commerce. *Printed.* See Journals at pages 511, and 545.

No. 8.—Select Standing Committee on Agriculture and Colonization: The Committee in its Tenth Report submits the consideration it has given to the order of the House, dated the 20th of February, in respect to the Immigration Act and regulations thereunder, and the general subject of immigration, including the work of the Department of Immigration and Colonization, recommending that 1,500 copies in English and 500 copies in French of the minutes of evidence and of the said Tenth Report be printed in blue book form. A copy of the minutes of proceedings and the evidence taken is submitted for the information of the House. *Printed.* See Journals at pages, 517, 532-535.

PENSIONS AND RETURNED SOLDIERS' PROBLEMS

REPORTS, Proceedings and Evidence of the Special Committee on Pensions and Returned Soldiers' Problems, comprising proposed amendments to the Pension Act, Returned Soldiers' Insurance Act, Land Settlement Act, Employment and Care of Problem Cases.

FEBRUARY 17 TO APRIL 30, 1928

SECOND SESSION OF THE FOURTEENTH PARLIAMENT
OF CANADA

PRINTED BY ORDER OF PARLIAMENT

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1928

TABLE OF CONTENTS

	PAGE
Order of Reference.	iii
Members of the Committee.	iv
Report of the Committee.	v
Minutes of Proceedings.	xx
Names of Persons Who Gave Evidence.	xlii
Minutes of Evidence.	1-630
Index, General.	633
Index <i>Re</i> Proposals to Amend the Pension Act.	638

ORDER OF REFERENCE

HOUSE OF COMMONS,

WEDNESDAY, 15th February, 1928.

Resolved.—That all matters connected with pensions and returned soldiers' problems be referred to a Special Committee consisting of Messrs. Adshead, Arthurs, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Hepburn, Ilsley, McLean (Melfort), McGibbon, McPherson, MacLaren, Power, Ross (Kingston City), Sanderson, Speakman, and Thorson.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

THURSDAY, 16th February, 1928.

Ordered.—That the provision of Standing Order 65 under which no special committee may, without leave of the House, consist of more than fifteen members, be suspended in connection with the Resolution passed by this House on February 15th appointing the Special Committee on Pensions and Returned Soldiers' Problems.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

MONDAY, 20th February, 1928.

Ordered.—That the said Committee be empowered to send for persons, papers and records, to examine witnesses for evidence, to print such papers and evidence from day to day, as may be ordered by the Committee for the use of the Committee and members of the House, and to report from time to time.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

MONDAY, 27th February, 1928.

Ordered.—That the said Committee be granted leave to sit while the House is in session.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

TUESDAY, 10th April, 1928.

Ordered.—That the following Bill be referred to the said Committee:—
Bill No. 39. An Act respecting the disposal of certain Canteen Funds.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

MEMBERS OF THE COMMITTEE

Messieurs

H. B. Adshead,
James Arthurs,
George Black,
J. A. Clark,
Sir Eugene Fiset,
F. W. Gershaw,
M. F. Hepburn,
J. L. Ilsley,
Peter McGibbon,

E. A. McPherson, *Vice-Chairman*,
Malcolm McLean,
C. G. Power, *Chairman*,
A. E. Ross,
Murray MacLaren,
F. G. Sanderson,
Alfred Speakman,
J. T. Thorson.

REPORT OF SPECIAL COMMITTEE ON PENSIONS AND RETURNED SOLDIERS' PROBLEMS

FIRST REPORT

HOUSE OF COMMONS, CANADA,
MONDAY, February 20, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems beg leave to present the following as their First Report:—

Your Committee recommends that it be empowered to send for persons, papers and records, to examine witnesses for evidence, to print such papers and evidence from day to day as may be ordered by the Committee for the use of the Committee and members of the House, and to report from time to time.

All which is respectfully submitted.

C. G. POWER,
Chairman.

SECOND REPORT

MONDAY, February 27, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems beg leave to present the following as their Second Report:—

Your Committee recommends that it be granted leave to sit while the House is in session.

All which is respectfully submitted.

C. G. POWER,
Chairman.

THIRD AND FOURTH REPORTS

MONDAY, April 30, 1928.

Mr. Power, from the Special Committee on Pensions and Returned Soldiers' Problems, presented the following as their Third Report:—

Your Committee have had under consideration Bill No. 39, An Act respecting the disposal of certain Canteen Funds, and have agreed to report the said Bill with amendments.

Mr. Power, from the Special Committee on Pensions and Returned Soldiers' Problems, presented the following as their Fourth and Final Report:—

Your Committee, which is composed of seventeen members, was appointed on the 15th of February, and on the 20th and 27th, it was empowered to send for persons, papers and records, to examine witnesses for evidence, to print their day-to-day proceedings, to report from time to time, and to sit while the House is in session.

Meetings, Matters Referred, Witnesses

On the 17th of February your Committee met for organization. The Minister of Soldiers' Civil Re-establishment, the Honourable J. H. King, was present and addressed the Committee. In the course of his remarks he stated that the services of the officers of his department would, during its sittings, be at the disposal of the Committee. At all subsequent meetings the Chairman of the Board of Pension Commissioners, its Chief Medical Adviser, the Secretary of the Department and a representative of the Federal Appeal Board were in attendance. Your Committee desires to thank these gentlemen for the information, advice and assistance which they were at all times willing to render; and also to express its appreciation of the services rendered by the secretary of the Board of Pension Commissioners, Mr. Paton, and by the Committee's secretary, Mr. Cloutier.

Representatives of soldiers' organizations appeared before the Committee for the purpose of giving evidence and were also in attendance throughout the period of its public sittings. The case on behalf of the soldiers was laid before the Committee in the strongest possible light and the presentation was couched in energetic, yet moderate and dignified language.

Your Committee held forty-seven working sessions and examined twenty-seven witnesses, seventeen of whom represented soldiers' and other organizations, and ten departmental officers.

There were submitted in the form of written resolutions and evidence, suggestions in respect to the following matters:—

Amendments to the Pension Act,	Medical Examinations,
Artificial Limbs,	Old Age Pensions,
Canteen Funds,	Orders in Council,
Civil Service Preference,	Poppies,
Employment,	Rehabilitation,
Exchange,	Service Pensions,
Federal Appeal Board,	Scheme for Housing,
Grave Markers,	Soldiers' Land Settlement,
Publication of Handbook,	Soldiers' Advisers,
Hospitalization,	Treatment,
Imperial Forces,	Victoria Cross,
Indigent and Aged Veterans,	Veteraft Workshops, and
Insurance,	Vocational Training.
Last Post Fund,	

On the 10th of April, Bill No. 39, An Act respecting the disposal of certain Canteen Funds, was referred to the Committee. In this connection the said Bill was reported with the Committee's Third Report.

All suggestions submitted to your Committee were considered. In respect to some of these, no action was taken because existing legislation and regulations were considered sufficiently broad to permit the departments concerned putting these suggestions into practice. In others, it was deemed inadvisable to take action at present. In all other respects the suggestions were given effect as the recommendations herein contained will show.

Whilst these important matters and recommendations were considered and reconsidered in full Committee, it was nevertheless deemed advisable to appoint Sub-Committees to draft recommendations in accordance with the Committee's conclusions. A sub-committee on Agenda and Procedure, composed of Messrs. Black, McPherson and Speakman was appointed in the early beginning of the Committee's sittings, and six sub-committees on drafting were appointed as follows:—

1. Pensions,—Messrs. Clark, Speakman and Thorson.
2. Insurance,—Messrs. Ilsley and McGibbon.
3. Canteen Funds,—Mr. Black and Sir Eugene Fiset.
4. Soldiers' Land Settlement,—Messrs. McLean and Speakman.
5. Employment and Care of Problem Cases,—Messrs. Adshead, Black, McPherson, Ross, Sanderson and Speakman.
6. Miscellaneous,—Messrs. Arthurs, Sir Eugene Fiset, Gershaw, McPherson and Hepburn.

REVIEW OF EXPENDITURES

Summary

From the 1st of July, 1915, to the 31st of March, 1928, Canada's expenditure in respect of returned soldiers may be roughly summarized as follows:—

War Service Gratuities, approximately	\$164,100,000 00
Total paid for Pensions	328,208,846 64
Total expenditure on medical treatment, vocational training, pay and allowances, artificial limbs, employment services, relief, etc.	170,413,239 18
Land Settlement	109,583,632 76
Transportation of dependents from overseas	2,800,000 00
Total	<hr/> \$775,105,718 58

Recommendations

The recommendations of your Committee are as follows:—

PART I

PENSIONS

Your Committee received suggestions with respect to the Pension Act submitted on behalf of several organizations composed of ex-service men, including the Canadian Legion of the British Empire Service League, represented by J. R. Bowler of Winnipeg and F. L. Barrow of Ottawa, the Tuberculous Section of the Canadian Legion of the British Empire Service League, represented by R. Hale of London and C. P. Gilman of Ottawa, the Amputations Association of the Great War, the Sir Arthur Pearson Club for Blinded Soldiers and Sailors, and the Canadian Pensioners Association represented by R. Myers and C. J. Brown of Toronto, and the Army and Navy Veterans in Canada represented by H. Colebourne of Ottawa. In addition the Committee heard from the Department represented by E. H. Scammell, Secretary, the Board of Pension Commissioners, represented by Colonel J. T. C. Thompson, Chairman, Dr. R. J. Kee, Chief Medical Adviser and Mr. J. A. W. Paton, Secretary, and the Federal Appeal Board represented by Colonel C. W. Belton, Chairman, and Colonel C. B. Topp, Secretary. The Committee also had the assistance of Lieut.-Colonel L. N. Lafleche, Dominion 1st Vice-President of the Canadian Legion, and several other members of the Adjustment Bureau of the Canadian Legion at Ottawa, including Mr. J. C. Herwig of that Bureau.

In addition to the proposals placed before the Committee by representatives of organizations of returned soldiers, several suggestions as to desirable changes in the Pension Act were made by the Department. Some of the recommendations of the Committee deal only with matters of administration and are intended to settle doubts which have arisen and to give legislative sanction to existing practice.

An effort has been made to remove sources of grievances against which the returned soldiers have complained and, with this in view, important changes are recommended by your Committee with regard to the machinery for dealing with the Meritorious Clause and with regard to the jurisdiction of the Federal Appeal Board to hear appeals from refusal by the Board of Pension Commissioners to grant pensions, and a scheme is suggested for settlement of disputes between the Board of Pension Commissioners and the Federal Appeal Board as to diagnosis.

Your Committee has also made important recommendations with regard to such matters as pensions to dependents of deceased members of the forces who were in receipt of pensions for aggravation of a pre-enlistment disability, pension for disabilities which arose subsequent to discharge, limitations of time within which applications for pension must be made, marriage after the appearance of injury or disease, pensions for dependent parents or persons in the place of a parent, pensions for depending children and special allowances for clothing, last sickness and burial expenses.

Your Committee has not dealt with such amendments to the Pension Act as might be advisable in view of the proposed amalgamation of the Department of Soldiers' Civil Re-establishment with the Department of Health.

The Committee recommends that there be passed at this session of parliament an Act to amend the Pension Act as follows:

AN ACT TO AMEND THE PENSION ACT

His Majesty, by and with the advice and consent of the Senate and House of Commons, enacts as follows:—

1. Paragraphs (a), (m) and (o) of section two of the Pension Act, chapter 157 of the Revised Statutes of 1927, are repealed and the following are substituted therefor:

(a) "appearance of the injury or disease" includes the recurrence of an injury or disease which has been so improved as to have removed the resultant disability *or reduced sufficiently to permit the member of the forces subsequently to serve in a theatre of actual war.*

(m) "pension" means pension on account of the death or disability of a member of the forces and includes addition to pension, temporary pension, additional payment, final payment or any other payment *awarded* by the Commission to or in respect of any member of the forces.

(o) "theatre of actual war" means—

(i) in the case of the military or air forces, the zone of the allied armies on the continents of Europe, of Asia or of Africa or *any other place at which* the member of the forces has sustained injury *or contracted disease* directly by a hostile act of the enemy;

(ii) in the case of the naval forces, the high seas or wherever contact has been made with hostile forces of the enemy, or *any other place at which* the member of the forces has sustained injury *or contracted disease* directly by a hostile act of the enemy.

2. Subsection eight, paragraph (b) of Section three of the said Act is repealed and the following is substituted therefor:

(b) *The medical classification of the injury or disease causing the disability or death in respect of which the application has been made;*

(ii) *The medical classification of such injuries or diseases as have been dealt with by the Commission in connection with the application;*

(iii) *Whether the injury or disease resulting in disability or death was or was not attributable to or incurred during military service or whether it pre-existed enlistment and was or was not aggravated during military service.*

3. Paragraph (a) of Section eleven is repealed and the following is substituted therefor:—

- (a) Pensions shall be awarded to or in respect of members of the forces who have suffered disability in accordance with the rates set out in Schedule A of this Act, and in respect of members of the forces who have died in accordance with the rates set out in Schedule B of this Act, when the injury or disease *resulting in disability or death or the aggravation of such injury or disease resulting in disability or substantially contributing to death* in respect of which the application for pension is made was attributable to or was incurred during such military service.

4. Section thirteen of the said Act is repealed and the following is substituted therefor:—

13. A pension shall not be awarded *in respect of the death of a member of the forces*, unless an application therefor has been made (a) within three years after the date of the death in respect of which pension is claimed; or (b) within three years after the date upon which the applicant has fallen into a dependent condition.

5. Section sixteen of the said Act is repealed and the following is substituted therefor:—

16. *When a pensioner appears to be incapable of expending or is not expending the pension in a proper manner or is not maintaining the members of his family to whom he owes the duty of maintenance, the Commission may direct that the pension be administered for the benefit of the pensioner and or the members of his family by the Department or by some person selected by the Commission.*

6. Subsections four, five and six of Section twenty of the said Act are repealed and the following are substituted therefor:—

4. *Any pension or balance of pension due to a deceased pensioner at the time of his death, whether unpaid or held in trust by the Department, shall not form part of the estate of such deceased pensioner.*

5. The Commission may, in its discretion *direct the payment of such pension or balance of pension either to the pensioner's widow and/or his child or children or to any person who has maintained him or been maintained by him or may direct that it be paid in whole or in part towards the expenses of the pensioner's last sickness and burial.*

6. If no order for the payment of such pension or balance of pension is made by the Commission such balance shall be paid into the Consolidated Revenue Fund of Canada.

7. Section twenty-one of the said Act is repealed and the following is substituted therefor:—

21. *Notwithstanding any of the provisions of this Act, any case respecting a member of the forces or any of his dependents which is claimed to be specially meritorious may be made the subject of an investigation and adjudication by way of compassionate pension or allowance as hereinafter provided.*

2. *Every claim made under this section shall be referred for consideration to the Commission which shall have power, if it is of the opinion that the claim is specially meritorious, to recommend that a compassionate pension or allowance be paid to the claimant, and upon the refusal of the Commission to recommend such payment an appeal therefrom shall lie to the Federal Appeal Board, which shall have a similar power of recommendation.*

3. *The payment of such compassionate pension or allowance as may be recommended under this section by the Commission or the Federal Appeal Board shall be subject to the approval of the Governor-in-Council.*

4. The pension awarded under the authority of this section shall not exceed in amount that which could have been granted in the like case under other provisions of this Act if the death, injury, or disease on account of which the pension is claimed, was attributable to military service.

8. Subsection one of Section twenty-two of the said Act is repealed and the following is substituted therefor:—

22. No pension shall be paid to or in respect of a child who, if a boy, is over the age of sixteen years or, if a girl, is over the age of seventeen years, except when such child and those responsible for its maintenance are without *adequate* resources, and

- (a) such child is unable owing to physical or mental infirmity to provide for its own maintenance, in which case the pension may be paid while such child is incapacitated by physical or mental infirmity from earning a livelihood: Provided that no pension shall be awarded unless such infirmity occurred before the child attained the age of twenty-one years; and that if such child is an orphan the Commission shall have discretion to increase such child's pension up to an amount not exceeding orphan's rates; or
- (b) such child is following and is making satisfactory progress in a course of instruction approved by the Commission, in which case the pension may be paid until such child has attained the age of twenty-one years.

9. Subsection five of Section twenty-two of the said Act is repealed and the following is substituted therefor:—

5. *The Commission may direct that the pension for a child may be paid to its mother or father or to its guardian or to any person approved by the Commission or may direct that such pension be administered by the Department.*

10. Subsection seven of Section twenty-two of the said Act is repealed and the following is substituted therefor:—

7. The children of a pensioner who *has died and who at the time of his death was in receipt of a pension* in any of classes one to five mentioned in Schedule A of this Act, *or who, except for the provisions of subsection one of section twenty-nine of this Act, would have been in receipt of a pension in one of the said classes,* shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not.

11. Subsection nine of Section twenty-two of the said Act is repealed and the following is substituted therefor:—

9. On the death of the wife of a pensioner pensioned on account of disability, the additional pension for a married member of the forces may, in the discretion of the Commission, be continued to him for so long as there is a *minor child* or are minor children of pensionable age, provided there exists a daughter or other person competent to assume and who does assume the household duties and care of the *child* or children.

12. Section twenty-two of the said Act is amended by adding thereto the following subsection:—

10. *On the death of a widow of a member of the forces who has been in receipt of a pension, the pension for the widow may, in the discretion of the Commission, be continued for so long as there is a minor child or there are minor children of pensionable age, to a daughter competent to assume and who does assume the household duties and care of the other child or children, provided that in such case the pension payable for children shall continue but the rate payable for orphan children shall not apply.*

13. Subsection four of Section twenty-six of the said Act is repealed and the following is substituted therefor:—

4. *A member of the forces in receipt of pension for any other disability for the relief of which any appliance must be worn or treatment applied which causes wear and tear of clothing may, in the discretion of the Commission, be granted an allowance in respect of such wear and tear not exceeding fifty-four dollars per annum.*

14. Paragraph (b) of Section twenty-seven of the said Act is repealed and the following is substituted therefor:—

(b) *in the case in which a pension is awarded to an applicant the appearance of whose disability was subsequent to his retirement or discharge from the forces, in which case a pension may be paid from a date six months prior to the day upon which application for pension has been received or from the date of the appearance of the disability whichever is the later date, or from the day upon which application was made to the Department for treatment in respect of the disability for which pension is awarded provided that if treatment was commenced under the jurisdiction of the Department in respect of such disability a pension may be paid from the day following that upon which the treatment of the applicant by the Department was completed.*

15. Subsection one of Section twenty-eight of the said Act is repealed and the following is substituted therefor:—

28. *If an applicant or pensioner should in the opinion of the Commission undergo medical or surgical treatment, and the applicant or pensioner in the opinion of the Commission unreasonably refuses to undergo such treatment, the pension to which the extent of his disability would otherwise have entitled him may be reduced, in the discretion of the Commission, by not more than one-half, provided that this section shall not apply to a refusal to undergo a major surgical operation.*

16. Section twenty-nine of the said Act is repealed and the following is substituted therefor:—

29. *During such time as, under the departmental regulations in that behalf, a pensioner is in receipt of pay and allowances from the Department while under treatment, payment of his pension shall be suspended and the pay and allowances shall stand in lieu thereof; pending a fresh award, payment of the pension shall recommence forthwith after the termination of such suspension.*

2. *During such time as, under the departmental regulations in that behalf, a pensioner is an in-patient under treatment in respect of a disability other than his pensionable disability, his pension, if in excess of the amount he would have been entitled to receive by way of pay and allowances, if the disability for which he is under treatment had been pensionable, shall be reduced to such amount; pending a fresh award, the payment of pension in full shall recommence forthwith upon the pensioner's ceasing to be an in-patient as aforesaid.*

17. Subsection three of Section thirty of the said Act is repealed and the following is substituted therefor:—

3. When a pensioner previous to his enlistment or during his service was maintaining or was substantially assisting in maintaining one or both of his parents or a person in the place of a parent an amount not exceeding the amount set forth in Schedule A of this Act as the additional pension for one child may, in the discretion of the Commission, be paid direct to each of such parents or person in the place of a parent or to him so long as he continues such maintenance; provided that the benefits of this subsection shall be limited to a parent or parents or a person in the place of a parent who is, are or would be, if the pensioner did not contribute, in a dependent condition, and that if the Commission is of opinion that the pensioner is unable by reason of circumstances beyond his control to continue his contribution towards the maintenance of his parent or parents or a person in the place of a parent the Commission may continue the said benefits.

18. Section thirty of the said Act is amended by adding thereto the following subsection:—

4. When a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by the pensioner previous to his enlistment or during his service by reason of the fact that such parent or person was not then in a dependent condition, subsequently falls into a dependent condition, is incapacitated by mental or physical infirmity from earning a livelihood and is wholly or to a substantial extent maintained by the pensioner, an amount not exceeding the amount set forth in Schedule A of this Act as the additional pension for one child may, in the discretion of the Commission, be paid direct to each of such parents or person in the place of a parent or to the pensioner for so long as he continues such maintenance.

19. Section thirty-one of the said Act is repealed and the following is substituted therefor:—

31. When a pensioner pensioned on account of a disability has died and his estate is not sufficient to pay the expenses of his last sickness and burial, the Commission may pay such expenses, or a portion thereof, but the payment in any such case shall not exceed one hundred and fifty dollars.

20. Subsection one of Section thirty-two of the said Act is repealed and the following is substituted therefor:—

32. (a) No pension shall be paid to the widow of a pensioner unless she was living with him or was maintained by him or was in the opinion of the Commission entitled to be maintained by him at the time of his death and for a reasonable time previously thereto.

(b) No pension shall be paid to the widow of a member of the forces unless she was married to him before the appearance of the injury or disease which resulted in his death. *Provided*

(i) that a pension shall be paid when a member of the forces on and after the coming into force of this Act secures from the Commission a certificate showing that any pensionable injury or disease from which he was suffering at the time of the marriage would not in the opinion of the Commission result in death.

(ii) that a pension shall be paid in the case of a member of the forces who has married before the coming into force of this Act, and who has obtained from the Commission a certificate showing

that any pensionable injury or disease from which he was suffering at the time of the marriage, would not in the opinion of the Commission result in death.

(iii) *that a pension shall be paid in the case of a member of the forces who has married and who has died of a pensionable disability prior to the coming into force of this Act, if, at the time of the marriage, the condition of such member of the forces was such that the prospective wife after making reasonable enquiries would not anticipate that the injury or disease would be a substantial factor in causing death, provided, however, that it shall be conclusively presumed that such injury or disease was not a substantial factor in causing death, if at the time of the marriage there existed no resultant pensionable disability from such injury or disease.*

(iv) *that a pension shall be paid in the case of a member of the forces who has married prior to the coming into force of this Act and who fails to apply to the Commission for a certificate showing that any pensionable injury or disease from which he was suffering at the time of the marriage would not in the opinion of the Commission result in death and who subsequently dies of a pensionable disability if at the time of the marriage the condition of such member of the forces was such that the prospective wife after making reasonable enquiries would not anticipate that the injury or disease would be a substantial factor in causing death; provided, however, that it shall be conclusively presumed that such injury or disease was not a substantial factor in causing death if, at the time of the marriage, there existed no resultant pensionable disability from such injury or disease.*

21. Subsection three of Section thirty-two of the said Act is repealed and the following is substituted therefor:—

3. A woman who, although not married to the member of the forces, was living with him in Canada at the time he became a member of the forces and for a reasonable time previously thereto, and who, at such time, was publicly represented by him as his wife may, in the case of his death and in the discretion of the Commission, be awarded a pension equivalent to the pension she would have received had she been his legal widow, and the Commission may also award a pension if, in its opinion, an injustice would be done by not recognizing a woman as the wife of a member of the forces although there is no evidence that she had been publicly represented by him as his wife. *Provided that such woman shall not be refused a pension for which she would have been eligible under the provisions hereof if she had remained unmarried, by reason only of her having married the member of the forces with whom she had been living as aforesaid.*

22. Subsection (a) of Section thirty-seven of the said Act is repealed and the following is substituted therefor:—

(a) *in the case in which a pension is awarded to a parent or person in place of a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, in which case the pension shall be paid from a day to be fixed in each case by the Commission.*

23. Subsection four of Section fifty of the said Act is repealed and the following is substituted therefor:—

4. Of the members first appointed to the Board, other than the Chairman, one-half shall be appointed for a term of two years and the other for a term of three years, and they shall be eligible for reappointment for such further terms of two or three years as the Governor in Council may deem advisable.

24. Subsection one of Section fifty-one of the said Act is repealed and the following is substituted therefor:—

51. Upon the evidence and record upon which the Commission gave its decision an appeal shall lie to the Federal Appeal Board in respect of any refusal of pension by the Commission; Provided—

- (a) *that the Board shall have no jurisdiction to assess the extent of any disability in respect of which an appeal is made or to determine the amount of pension which should be awarded;*
- (b) *that there shall be no appeal in cases where the Commission is called upon to exercise its discretion in respect of an application made to it and the refusal of pension is made in the exercise of such discretion.*
- (c) *that if the medical classification of the injury or disease resulting in disability or death in respect of which an application has been refused by the Commission is considered by the Board to be in error, the Board shall, before issuing judgment, communicate in writing to the Commission its reasons for considering such medical classification to be in error, whereupon the dispute as to the medical classification shall be referred by the Commission to a board consisting of three medical experts, one to be named by the Commission, another to be named by the Board, and the third to be agreed upon by the two so named, and in the event of their failure to agree, to be named by the Minister, which board of experts shall be requested to determine the medical classification to be acted upon by the Commission in rendering its decision. If, upon the medical classification so determined, pension is refused by the Commission, the Board shall give the appeal such further consideration as it may deem necessary, and issue its judgment on the medical classification determined as hereinbefore provided.*

25. Subsections four to eight of Section fifty-one of the said Act are repealed and the following are substituted therefor:—

4. *Any person desiring to appeal from a decision of the Commission may do so by notice thereof in writing delivered to the Department or to the Board on or before the thirty-first day of December, A.D. 1928, or within two years from the date of the decision complained of.*

5. *The decision of the Board on such appeal shall be final and shall be binding upon the applicant and upon the Commission, provided that if before the 31st day of December, A.D. 1928, or within one year from the date of the decision of the Board upholding a refusal of pension by the Commission the applicant submits newly discovered evidence which, in the opinion of the Commission, raises a reasonable doubt of the correctness of the decision, the Commission shall reconsider the case and if pension is again refused the applicant shall have the right of a second appeal to the Board whose decision on such second appeal shall be final and shall be binding upon the applicant and upon the Commission.*

6. *In accordance with such regulations as may be made by the Governor in Council in that behalf an applicant may be allowed the expenses incurred by him in attending at the hearing of his appeal and both the applicant and the Commission shall be entitled to appear at such hearing*

by counsel or other representative, but no allowance shall be made for the payment of any fee or remuneration to any counsel or representative so appearing other than the Official Soldiers' Adviser appointed by the Department.

7. Every judgment rendered by the Board shall be signed by the Chairman or presiding member of the Board and the Secretary and shall contain the following information:—

- (i) the name or names of the member or members of the Board who heard the appeal;
- (ii) the medical classification of the injury or disease causing the disability or death in respect of which the appeal was made;
- (iii) the medical classification of the injury or disease causing the disability or death in respect of which the appeal is allowed or disallowed as the case may be;
- (iv) If the appeal is allowed, whether the injury or disease resulting in disability or death was attributable to or incurred during military service or whether it pre-existed enlistment and was or was not aggravated during military service.

8. Any dispute as to the jurisdiction of the Board to entertain and determine appeals from refusal of pension by the Commission shall be referred by the Department to the Exchequer Court for determination.

26. The following addition is made to Schedule A to the said Act:—

Class 21. Disabilities below 5 per cent—all ranks—a final payment not exceeding \$100.

PART II

INSURANCE

It was strongly represented to your Committee by returned soldiers' organizations that their members, and returned soldiers generally, should again be afforded the opportunity of applying for and receiving insurance under the provisions of The Returned Soldiers' Insurance Act under which no applications have been receivable since September 1st, 1923.

The evidence adduced before the Committee clearly shows that this insurance has proved of great benefit to returned soldiers and their dependents, especially those provisions covering what are known as sub-standard risks. The evidence also shows that the issue of policies under this Act has not imposed nor will it impose anything but a negligible burden on the country.

Your Committee therefore recommends that the following provision be enacted, namely:—

Section twenty of The Returned Soldiers' Insurance Act, chapter fifty-four of the Statutes of 1920, as amended by section three of chapter forty-two of the Statutes of 1922, is repealed and the following is substituted therefor:—

- .. 20. Applications for insurance may be received under this Act on and after the first day of July, nineteen hundred and twenty-eight, up to and including the thirtieth day of June, nineteen hundred and thirty-three, but shall not be received thereafter.

PART III

CANTEEN FUNDS

The Committee recommends as follows:—

1. That Bill 39, An Act respecting the disposal of certain Canteen Funds, be amended so that participation in the funds may not be limited to any

particular class of ex-members of the forces, but that any ex-member of the Canadian Expeditionary Force or member of the Royal Canadian Navy who served in the Great War may be eligible to participate.

2. That after the reservation of \$5,000 as provided by section 3 of the Bill, the residue be divided into ten allotments on the basis of the division of canteen funds as provided by the Canteen Funds Act of 1925.

The Committee, in accordance with the above recommendations, has submitted with its third report the said Bill with amendments.

PART IV

LAND SETTLEMENT

In the consideration of questions under this heading it was recognized that sufficient time had not yet elapsed to permit a judgment to be arrived at as to the extent to which the amendments of last session had been successful in solving the vexed question of deflation as it affected lands held by soldier settlers under the Act, the majority of applications for relief being still in the process of readjustment. Your Committee found, however, that an oversight had occurred in the omission to place within the provisions of the amendment of last year those settlers who had purchased land under the provision of the Act of 1917. Very little is involved, as very few cases fall into this class, but it is felt that the slight change should be made in order to avoid discrimination and to carry into effect the intention of Parliament.

It is also the opinion of your Committee that the present policy of withholding title to homesteads and soldier grants in respect of lands other than those upon which loans are granted should be discontinued.

It is also the Committee's opinion that no deficiency which may remain on the resale of the lands or other property of a former settler whose agreement with the Board has been terminated should be charged to or collectible from the said former settler, except in such cases where fraud or intent to defraud is shown.

Your Committee therefore recommends that an act be passed this session as follows:—

An Act to amend the Soldier Settlement Act.

His Majesty by and with the advice and consent of the Senate and House of Commons enacts as follows:—

1. Subsection four of Section twenty-two of the Soldier Settlement Act, being Chapter 188 of the Revised Statutes of 1927, is amended by striking out all words following the word "settler" in the sixth line thereof.

2. Section twenty-six of the said Act is repealed.

3. Section twenty-seven of the said Act is amended by adding the following thereto:—

"provided that the term 'charged land' referred to in this Act shall not include nor be deemed to include any land other than that in respect of which an advance pursuant to this Act was secured from the Board."

4. Section sixty-eight of the said Act is amended by inserting immediately after the word "who" where it first appears in the second line thereof, the following:—

"is indebted to the Board in respect of an amount loaned to him by the Board under the former Act for and expended in the purchase of agricultural land or"

PART V

EMPLOYMENT AND CARE OF PROBLEM CASES

Your Committee finds that one of the most serious situations confronting the Department of Soldiers' Civil Re-establishment and the country generally is that relating to the employment and care of ex-members of the forces suffering from disability "broken down or burned out" which, under the present regulations, are wholly or in part non-pensionable. These cases may be subdivided into three different classes:—

1. Employable only in certain restricted occupations in the general labour market;
2. Not employable in the general labour market, yet capable of doing a certain amount of work under sheltered conditions;
3. Unemployable.

1. With regard to the first class, certain agencies, namely The Employment Service of Canada, Returned Soldier Associations, Soldiers' Aid Commissions, and, in certain large centres, Citizens' Rehabilitation Boards, working together have succeeded in finding suitable employment for large numbers of men.

It is recommended that the Minister endeavour to find some means of more closely co-ordinating the efforts of these bodies with those of the department.

2. Persons falling under the second class, if pensioners, are eligible for employment in the Vetcraft Shops; non-pensioners under present regulations are not.

The Committee recommends that the Vetcraft shops be enlarged so as to employ a greater number of men and that a vigorous advertising campaign be instituted looking towards the increased sale of Vetcraft products, and that articles more easily marketable be produced.

Vocational training in industrial establishments at the expense of the Department has been found to be of benefit in a large number of cases.

It is recommended that the present policy be continued and enlarged.

3. The unemployable, if pensioners, may, under the present regulations, be provided with care and maintenance in a departmental institution. Certain provisions have been made by the Department to care for a limited number of non-pensioners by admission to hospitals either under the control of or under contract with the Department. It was made clear to your Committee that the accommodation at present available in departmental institutions is not sufficient to receive all the persons of this class who will require attention. A number of suggestions have been made to your Committee for dealing with such cases, amongst others that soldiers' homes be established in different sections of the country.

Your Committee, realizing to the full that the recommendations herein contained can only be regarded as temporary expedients, is of opinion that they should be given effect at once in order that some immediate relief may be afforded to the more pressing cases and information gathered which will be of importance in framing the policy which it is convinced must eventually be adopted by the Department. The time at the disposal of the Committee and the opportunity afforded for study were not sufficient to permit it to define any policy along the lines of which the Government should deal with this, the most serious problem which has arisen in connection with our ex-soldiers.

Your Committee strongly recommends that some such policy should be formulated without delay, and to that end an investigation and enquiry, whether by means of a commission or otherwise, should be instituted and a report made upon the methods in use in this or other countries for dealing with the problem by way of institutional care or otherwise.

PART VI

MISCELLANEOUS

1. Canadian Legion of the British Empire Service League

Your Committee was greatly impressed by the efficiency of the Service Bureau, an organization instituted by the Canadian Legion of the British Empire Service League of Ottawa for the purpose of preparing for submission to the Board of Pension Commissioners, the Federal Appeal Board and the Department of Soldiers' Civil Re-establishment the claims arising out of legislation on behalf of ex-soldiers. This Bureau has, since its inception, handled thousands of cases and has been of inestimable value not only to members of the Legion, but to all ex-soldiers and their dependents. We feel that it should be given some direct governmental assistance.

The Committee recommends that the estimates to be submitted to Parliament should provide for a yearly grant to the Dominion Executive Council of the Canadian Legion, British Empire Service League. The expenditure of this grant to be subject to such supervision and audit as the Governor in Council may deem necessary, the amount not to exceed \$10,000 per annum and to be contributed on the basis of one dollar for every dollar expended by the Legion directly for the purposes of the Bureau.

2. Treatment

It is recommended, (a) That provision be made for free hospitalization without pay and allowances in respect of non-service disabilities for all pensioners who are unable to provide the same at their own expense.

(b) That Clause 3 of paragraph (13) of Order in Council P.C. 129/1232 be amended to provide that full pay and allowances be paid if the former member of the forces referred to in the said paragraph is in receipt of a pension under section 12 of the Pension Act.

3. Civil Service

A group of ex-soldiers employed in the Department of the Interior, Dominion Land Surveyors' Branch, submitted evidence to show that owing to the nature of their occupation they are precluded, under existing legislation, from enjoying the benefits of the operation of the Superannuation Act afforded other civil servants.

Your Committee considers that a good case was made out and recommends that the Department of the Interior take steps to remedy the situation with respect to these employees.

Recommendation for Printing

Your Committee also begs to recommend that the Orders of Reference, Reports, Proceedings and the Evidence, together with a suitable index to be prepared by the Clerk of the Committee, be printed as an appendix to the

Journals of the House of the present session, and also for distribution in blue-book form, not exceeding five hundred copies in English and two hundred copies in French, and that Standing Order No. 64 be suspended in relation thereto.

A printed copy of the Committee's Minutes of Proceedings and Evidence, with indexes, is herewith submitted for the information of the House.

(For Minutes of Proceedings, Evidence, etc., accompanying said Report, see Appendix to the Journals, No. 2)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,
CANADA,

COMMITTEE ROOM 429,

FRIDAY, February 17, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., for Organization.

Members present: Messieurs Adshead, Black (Yukon), Fiset, Sir Eugene, Gershaw, Hepburn, Ilsley, McLean (Melfort), MacLaren, McPherson, Power, Sanderson, Speakman, and Thorson, 13.

The Honourable J. H. King, Minister, was also present.

In attendance: Mr. F. L. Barrow representing the Dominion Executive Council, Canadian Legion of the British Empire Service League.

On motion of Sir Eugene Fiset, Mr. Power was elected Chairman of the Committee.

On motion of Mr. Thorson, Mr. McPherson was elected Vice-Chairman.

The Chairman read the Order of Reference. The Committee, he observed, would have to obtain from the House certain powers which were not contained in the Order of Reference. Thereupon, Mr. Speakman moved that a report be presented to the House empowering the Committee to send for persons, papers and records, to examine witnesses for evidence, to print such papers and evidence from day to day as may be ordered by the Committee for the use of the Committee and the Members of the House, and to report from time to time. Motion carried.

Mr. Thorson moved that the Committee obtain leave to print 400 copies of its day-to-day papers and evidence. Motion carried.

The Honourable J. H. King, addressing the Committee, explained regarding the Orders in Council which he had tabled in the House yesterday relating to soldiers' problems; also that he had had conferences with representatives of the Canadian Legion, and that they had arrived at some conclusions which had since been resolved into Resolutions, and which he hoped would all be placed for consideration before the Committee. Additional resolutions would follow. In the meantime he hoped that a Bill amending certain sections of the Pensions Act would be introduced in the House in the course of a few days, which would be referred to the Committee. He also stated that other soldiers' organizations would very likely wish to offer representations, mentioning more particularly the Amputations, the Army and Navy Veterans, and the Tubercular Veterans Associations.

Sir Eugene Fiset, regarding requirements of the Committee, suggested that the members be furnished with copies of the Pensions Act and amendments thereof, also reports of the previous similar committees, if available. The Chairman directed the attention of the Clerk to these requirements.

Mr. Barrow, upon being called, expressed his pleasure as to the personnel of the Committee. He referred to the Resolutions which had been adopted at the Convention in Winnipeg, and which had since been arranged for the consideration of the Government. He briefly referred to some of the changes which the Canadian Legion of the B.E.S.L. desired, and more particularly to changes in some of the sections which would clarify the meaning of the Act.

The Chairman informed Mr. Barrow that the Committee would be pleased to have copies of the resolutions relating to the legislation in question.

Mr. Speakman moved that a small Committee be appointed to prepare the agenda of the meetings to be held and also regarding witnesses to be examined for evidence. After some further consideration the motion was agreed to and the following sub-committee was appointed, namely: The Chairman, the Vice-Chairman, Mr. Black (Yukon), and Mr. Speakman.

The Committee then adjourned until called by the Chair.

V. CLOUTIER,
Clerk of the Committee.

THURSDAY, February 23, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

All the members of the Committee were present.

The Honourable J. H. King, Minister, was also present.

In attendance as witnesses to be examined for evidence: Messrs. J. R. Bowler of Winnipeg, R. Hale of London and F. L. Barrow of Ottawa all representing the Canadian Legion of the British Empire Service League.

The Minutes of the proceedings of the last meeting were read and approved.

The Chairman informed the Committee that the Sub-Committee had held a meeting and that the communications referred to them had been given consideration. The representations which these contained would be reported in due course to the Committee for further consideration.

The Committee then proceeded to the order of consideration of evidence.

Mr. Adshead moved that Mr. J. R. Bowler be examined,—Motion carried.

Mr. Bowler was called, sworn and examined.

In the course of his examination, Items 8, 4, 2, 3, and 19 of the legislative program of the Canadian Legion of the B.E.S.L., were considered.

Mr. Barrow on being called and sworn, was examined regarding Items 2, 3, and 19 of the legislative program.

At one o'clock, the Committee on motion of Mr. McPherson adjourned until to-morrow at 11 a.m.

FRIDAY, February 24, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members Present: Messieurs Adshead, Arthurs, Clark, Fiset, Gershaw, McGibbon, McPherson, MacLaren, Power, Ross (Kingston City), Sanderson, Speakman and Thorson—13.

In attendance as witnesses to be examined for evidence: Messieurs S. W. Norman Saunders of Victoria, B.C., J. R. Bowler of Winnipeg, R. Hale of London, and F. L. Barrow of Ottawa, all representing the Canadian Legion of the British Empire Service League.

The minutes of proceedings of the last meeting were read and approved.

The Chairman informed the Committee that he had received a communication from the Army and Navy Veterans' Association regarding representations which they desired to make before the Committee. The said communication was referred to the Sub-Committee.

Proceeding to the order of consideration of evidence when it was proposed to examine Mr. Saunders, Mr. McGibbon questioned the propriety of the Committee's present order of procedure regarding the proposals of legislation which the Committee had already been considering and which they had been told, in one or two instances, that such proposals would be covered in the provisions of a Bill which would shortly be presented in the House. In his opinion Mr. McGibbon believed it would be well for the Committee to know what legislation was to be brought down regarding pensions before proceeding along the lines which had been until now followed. Discussion followed upon the question in which the Chairman, Mr. Ross, Sir Eugene Fiset, Mr. Arthurs, Mr. Clark and others took part. It was then agreed that Mr. Saunders be heard.

Mr. Saunders was called, sworn and examined.

Mr. Saunders described the condition of the returned soldier pensioner in British Columbia, whose disability pension was relatively small and where suitable employment, chiefly on the island, was very difficult to obtain.

The witness was discharged.

Messieurs Bowler and Barrow were then called and further examined.

Suggestions 19, 5, 6, 7, 10, 11, and 12 of the legislative program of the Canadian Legion, B.E.S.L., were considered.

At one o'clock the Committee, on motion of Mr. McGibbon, adjourned, until Monday, February 27th, at 11 a.m.

MONDAY, February 27, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messieurs Adshead, Clark, Fiset (Sir Eugene), Gershaw, Hepburn, Ilsley, McLean (Melfort), McGibbon, McPherson, MacLaren, Power, Ross (Kingston City), Sanderson and Thorson—14.

The Honourable J. H. King, Minister, was also present.

In attendance as witnesses to be examined for evidence: Messieurs J. R. Bowler of Winnipeg, R. Hale of London, and F. L. Barrow of Ottawa, all representing the Canadian Legion of the B.E.S.L.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman informed the Committee that he had received communications from the President of the Canadian Pensioners' Association, Mr. A. J. Bushel, Toronto, desiring to present several recommendations before the Committee; also from Mr. A. A. Steel, an Imperial pensioner, of London, Ontario. The said communications were referred to the Sub-Committee.

Mr. Adshead, on pointing out the necessity of having additional copies of the proceedings and evidence for the use of the members of the Committee, moved that 500 copies be printed instead of 400.—Motion carried.

The Honourable J. H. King, Minister of Soldiers' Civil Re-establishment and Health, addressing the Committee, regarding the representations which they were now considering felt that their work might be facilitated in having before them copies of the suggested amendments to the Pension Act. These proposed amendments were, he would say, merely tentative. Discussion followed.

The Committee then proceeded to the order of consideration of evidence when Messieurs Bowler and Barrow were recalled and further examined.

Suggestions 13 and 23, 14, 15 and 20, 16, 17, 18, 21, 22, 23, 24, 25 and 26 of the legislative program of the Canadian Legion, B.E.S.L. were considered.

Upon the order of the Committee's next meeting, Mr. Gershaw moved that the Committee obtain leave from the House to sit while the House is in session.—Motion carried.

The Committee then adjourned until to-morrow at 3.30 p.m.

TUESDAY, February 28, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 3.30 p.m., the Chairman, Mr. Power, presiding.

Members present: Messieurs Arthurs, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Hepburn, Isley, McGibbon, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Speakman and Thorson—15.

In attendance as witnesses to be examined for evidence: Madam J. A. Wilson, President of the National Council of Women, Messieurs R. Hale, C. P. Gilman, J. R. Bowler and F. L. Barrow, representing the Canadian Legion of the British Empire Service League.

The Minutes of proceedings of the last meeting were read and approved.

Mr. Speakman explained that his absence from the meeting yesterday was unavoidable.

Mr. Barrow and Mr. Bowler were recalled for further examination.

Suggestion number 22 relating to section 32 of the Pension Act, namely, pension to widows of deceased soldiers, was considered. Mr. McPherson moved that said suggestion be redrafted.—Motion carried.

The Chairman informed the Committee that Madam J. A. Wilson who was present desired to be heard regarding this subject of pensions to widows of deceased soldiers. Madam Wilson addressed the Committee stating that she had the support of the National Council of Women in the representations she now offered. Madam Wilson also submitted copies of resolutions adopted by the National Council, endorsing certain amendments to the Pension Act which unhappily had been rejected in the past through no fault of the Committee nor of the House.

Suggestions 27, 28 and 29 of the legislative program were next considered.

Suggestion 9, the consideration of which had been deferred at a previous meeting was then considered .

In the course of the consideration given to suggestion 9 it was moved by Sir Eugene Fiset that a Sub-Committee consisting of Messrs. Clark and Thorson be appointed to prepare a memorandum of certain important points which were brought out in discussion.—Motion carried.

Mr. McPherson moved that Messieurs Hale and Gilman be examined for evidence upon the supplementary agenda prepared by the Tuberculous Veterans' Section of the Canadian Legion.—Motion carried.

Messieurs Hale and Gilman were called, sworn and examined. Their evidence will be continued to-morrow.

The Committee then adjourned until Wednesday at 11 a.m.

WEDNESDAY, February 29, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messieurs Adshead, Arthurs, Clark, Fiset (Sir Eugene), Gershaw, McGibbon, McPherson, MacLaren, Power, Ross (Kingston City), Speakman and Thorson—12.

In attendance as witnesses to be examined for evidence: Messieurs R. Hale, C. P. Gilman, J. R. Bowler and F. L. Barrow.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman informed the Committee that he had received a further communication from the Amputations Association, Toronto. Representatives of this association were preparing to appear before the Committee on Monday, the 5th of March.

The Committee then proceeded to consider the evidence given by Messieurs R. Hale, C. P. Gilman and J. R. Bowler who were further examined relative to the recommendations presented by the Tuberculous Veterans' Section of the Canadian Legion, B.E.S.L., in respect to pensions and treatment. Recommendations 2 to 9 inclusive of the supplementary agenda were considered.

Mr. Barrow was recalled and further examined relative to suggestion 28 of the legislative program of the Canadian Legion, B.E.S.L. In the course of his examination Mr. Barrow gave the history of a specific case, namely, the sister of a deceased soldier who is debarred from pension benefits. The witness added that very few such cases were known but that they were of a particularly distressing nature.

The Committee on motion of Mr. MacLaren then adjourned until Thursday at 11 a.m.

THURSDAY, March 1, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messieurs Adshead, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Hepburn, McGibbon, McPherson, MacLaren, Power, Ross (Kingston City), Speakman and Thorson—13.

In attendance as witnesses to be examined for evidence: Messieurs R. Hale, C. P. Gilman, F. L. Barrow and J. R. Bowler, representing the Canadian Legion, B.E.S.L., and Mr. E. H. Scammell, Assistant Deputy Minister and Secretary, Department of Soldiers' Civil Re-establishment.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman read the following telegram dated 29th February:—

Rossland Branch Canadian Legion strongly endorse amendment Insurance and Pension Acts submitted by Service Bureau.

(Sgd.) A. E. WRIGHT.

Mr. McPherson directed the Committee's attention to the Canadian Legion's suggestion number 22 relating to section 32 of the Pension Act. The Committee had requested that the said suggestion be redrafted. In the redrafting of this suggestion there were, he thought, four proposals to be considered. After some discussion it was decided not to complete the redrafting of the suggestion until the Committee had decided on the principle.

Mr. Barrow was given leave to correct a statement which appeared on page 50 of the evidence wherein he found that he had been misquoted. Mr. Barrow proceeded to explain.

The Chairman informed the Committee that he had received a memorandum of resolutions on behalf of the Amputations' Association, the Sir Arthur Pearson Club for blinded soldiers and sailors, and the Canadian Pensioners' Association.

Messrs. Hale and Bowler were recalled for further examination in respect to recommendations 5 and 9 of the Tuberculous Veterans' agenda.

In the consideration given to No. 10, the Housing scheme for tuberculous ex-service men, Messrs. Hale, Gilman, Bowler and Barrow for the Canadian Legion, and Mr. Scammell for the Department of Soldiers' Civil Re-establishment, were examined.

The Committee, on motion of Mr. Clark, then adjourned until Friday, March 2nd, at 11 a.m.

FRIDAY, March 2, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messieurs Adshead, Arthurs, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Ilsley, McLean (Melfort), McPherson, MacLaren, Power, Speakman, and Thorson—13.

In attendance as witnesses to be examined for evidence: Messrs. W. S. Dobbs, Toronto, representing the Employment Service Bureau of Canada, and Mr. J. F. Marsh, Toronto, representing disabled ex-service men who are handicapped for employment.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman informed the Committee that he had received a letter from the president of the Civil Service Association of Ottawa regarding temporary employees of the Civil Service who had enlisted for overseas service. The said communication was referred to the Sub-Committee for consideration.

The Chairman also informed the Committee that three representatives of the Amputation Association of the Great War would be heard for evidence at the Committee's next meeting, presumably on Monday.

Mr. C. P. Gilman, a witness at the last meeting of the Committee, was given leave to present a Re-draft of No. 2 suggestion and recommendation of the Tuberculous Veterans Section of the Canadian Legion.

Mr. Adshead moved that Messrs. Dobbs and Marsh be heard for evidence.—Motion carried.

Messrs. Dobbs and Marsh were sworn and examined. In the course of their examination synopses of the representations presented were ordered to be printed as an addenda to the evidence they gave. (*See Addenda.*)

Messrs. Dobbs and Marsh were discharged.

The Committee, on motion of Mr. Thorson, then adjourned until Monday, March 5th, at 11 a.m.

MONDAY, March 5, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Hepburn, Ilsley, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Speakman, and Thorson—14.

In attendance as witnesses to be examined for evidence: Messrs. Richard Myers and C. J. Brown of Toronto, representing the Amputation Association of the Great War, and Mr. F. G. J. McDonagh of Toronto, representing the Canadian Pensioners Association of the Great War.

Mr. E. H. Scammell of the Department of Soldiers' Civil Re-establishment was also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Committee proceeded to the order of consideration of evidence.

Mr. Adshead moved that Mr. Myers be heard.—Motion carried.

Mr. Myers was called, sworn and examined. (For agenda of suggestions submitted by witness Myers, *see Addenda.*)

At one o'clock, the Committee rose to meet again at 4 p.m.

AFTERNOON SITTING

The Committee met, the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Fiset (Sir Eugene), Gershaw, Ilsley, McLean (Melfort), McPherson, MacLaren, Power, Speakman, and Thorson—10.

The Committee further examined Mr. Myers who was recalled.

Suggestions relating to Orthopaedic Appliances and Markers for Graves of all Deceased Ex-Service Men and Women were considered.

Sir Eugene Fiset moved that Mr. C. J. Brown be heard.—Motion carried.

Mr. Brown, upon being called and sworn, was examined relative to the suggestion submitted in the agenda recommending certain amendments to the Returned Soldiers' Insurance Act.

Mr. Thorson moved that Mr. F. G. J. McDonagh be heard.—Motion carried.

Mr. McDonagh, upon being called and sworn, was examined regarding the recommendation of the Canadian Pensioners Association upon the question of Rehabilitation of Canada's War Disabled. (For agenda containing said Recommendation, *see Addenda*.)

In the course of the examinations of Witnesses Myers, Brown, and McDonagh, Mr. Scammell, upon the request of the Committee, explained the policy and activities of the Department upon the questions of Markers for Graves, the Returned Soldiers' Insurance Act, and Rehabilitation which said witnesses had respectively presented.

The Committee, on motion of Mr. Speakman, then adjourned until Tuesday at 11 a.m.

TUESDAY, March 6, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Arthurs, Clark, Fiset (Sir Eugene), Gershaw, Ilsley, McGibben, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Speakman and Thorson—14.

In attendance as witness to be examined for evidence: Mr. H. Colebourne of Ottawa, representing the Army and Navy Veterans of Canada.

Messrs. E. H. Scammell and J. L. Melville of the Department of Soldiers' Civil Re-establishment were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman informed the Committee that a communication had been received from Mr. J. Durand of Montreal, who desired to know if he had a right to a Canadian pension on the ground that he had been deprived of his pension as a former member of the French army when he applied for naturalization as a British subject upon his return to his former residence in Canada after the war. After consideration the said communication was referred to the Sub-Committee.

The Committee proceeded to the order of consideration of evidence.

Mr. McPherson moved that Mr. Colebourne be heard.—Motion carried.

Mr. Colebourne was called, sworn, and examined relative to the agenda of suggested amendments to the Pension Act presented by the Army and Navy Veterans, and to resolutions 3, 4, 5, 6 and 9 of the agenda of resolutions passed by their Convention at Edmonton in 1927.

Mr. Melville read a memorandum prepared by the Department of Soldiers' Civil Re-establishment in regard to the sale of poppies manufactured in the Vetcraft Shops.

The Committee, on motion of Mr. McPherson, then adjourned until Wednesday at 11 a.m.

WEDNESDAY, March 7, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messieurs Adshead, Arthurs, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Hepburn, Ilsley, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Speakman, and Thorson,—15.

In attendance as witnesses to be examined for evidence: Mr. H. Colebourne of the Army and Navy Veterans in Canada, and Messrs. J. R. Bowler and F. L. Barrow of the Canadian Legion, British Empire Service League.

Messrs. E. H. Scammell and J. L. Melville, of Soldiers' Civil Re-establishment, and Col. C. W. Belton, Chairman, and Col. C. B. Topp, Secretary, of the Federal Appeal Board were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Committee proceeded to the order of consideration of evidence.

Mr. Colebourne, upon being re-called was further examined regarding suggestions 9 to 15 inclusive of the Army and Navy Veterans Resolutions adopted at their Convention in 1927.

In the course of witness Colebourne's examination considerable discussion took place regarding the suggestion of the ex-Service men as to publicity of the regulations in respect to pensions and treatment. The immediate necessity for the publication of a Handbook in both languages and distribution thereof was pointed out.

On motion of Mr. Thorson, Messrs. Bowler and Barrow were re-called and further examined.

Suggestions 30 and 31 of the legislative program of the Canadian Legion relating to Federal Appeal Board matters were considered.

Witness Bowler also submitted for consideration the possibilities of trivial appeals for assessment.

In the course of witness Barrow's examination, the proposal to amend Section 14 of the Pension Act to cover certain cases was considered. During the consideration of this proposal the case of Captain W. H. Marsden was submitted for consideration by the Chairman. Other type cases were considered in the course of Mr. Barrow's examination.

At one o'clock, on motion of Mr. Adshead, the Committee adjourned until Thursday, at 11 a.m.

THURSDAY, March 8, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m.

At 11.20 the following members had assembled, namely: Messrs. Adshead, Black (Yukon), Fiset (Sir Eugene), Gershaw, McLean (Melfort), Ross (Kingston City), and Speakman—7.

The Clerk could not report a quorum present. Three other Committees were sitting at the time, namely: Industrial and International Relations, Agriculture and Colonization, and Miscellaneous Private Bills.

It was suggested that the Committee adjourn until called by the Chair. Said suggestion was unanimously approved.

MONDAY, March 12, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Black (Yukon), Fiset (Sir Eugene), Hepburn, Ilsley, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Speakman, and Thorson—12.

The Hon. W. A. Griesbach, Senator, was also present.

In attendance as witnesses to be examined for evidence: Messrs. F. L. Barrow and J. R. Bowler, of the Canadian Legion, B.E.S.L.

Messrs. E. H. Scammell, of Soldiers' Civil Re-establishment, and J. Paton, of the Board of Pension Commissioners for Canada, were also in attendance.

The minutes of proceedings of the last meeting were read and approved.

The Committee proceeded to consider the evidence given by Mr. Barrow and Mr. Bowler, who were recalled and further examined.

Further consideration was given to section 14, subsection 2, of the Pension Act.

Suggestion 31 of the Canadian Legion's agenda regarding time limit for filing notices of appeal to the Federal Appeal Board was also given further consideration.

Suggestions 32 to 35 inclusive regarding treatment, and also suggestion 36 regarding care and maintenance of indigent veterans, and also suggestion 37 regarding returned soldiers' insurance were considered.

A supplementary suggestion under the question of treatment was submitted by witness Barrow for consideration when Order in Council No. 129 of the 25th of June, 1927, was considered.

Under suggestion 33 dealing with the unpaid balance of treatment pay and allowances, Mr. Scammell explained as to the policy of the department.

In the course of the proceedings, Mr. Black (Yukon) moved, seconded by Mr. McLean (Melfort), and resolved,—That the Chairman interview the Minister regarding Order in Council, P.C. 558, 29th March, 1927, Workmen's Compensation, which expires on the 31st of March, 1928.

Mr. J. L. Melville, of the Vetract Shops Division, will be examined respecting the making of light metal parts, and also Mr. J. White respecting Returned Soldiers' Insurance.

At one o'clock the Committee, on motion of Mr. Thorson, adjourned until Tuesday at 11 a.m.

TUESDAY, March 13, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

All the Members of the Committee were present.

In attendance as witnesses to be examined for evidence: Messrs. J. T. C. Thompson, Chairman, Dr. R. J. Kee, Chief Medical Adviser, and J. A. W. Paton, Secretary, of the Board of Pension Commissioners for Canada, and also Messrs. C. W. Belton, Chairman, and C. B. Topp, Secretary, of the Federal Appeal Board.

Messrs. E. H. Scammell, F. L. Barrow and J. R. Bowler were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman informed the Committee that, in accordance with the resolution passed at the Committee's last meeting, he had interviewed the Minister regarding the Order in Council, P.C. 558, 29th March, 1927, and obtained the assurance that it would be extended.

Messrs. Thompson, Kee, and Paton were called for evidence to be given in connection with the suggestions of legislative program of the Canadian Legion.

The Committee proceeded to consider No. 1 suggestion. Consideration of same was deferred.

Questions relating to the diagnosis of disabilities of applicants for pension or treatment were next considered.

In the course of the examination of Dr. Kee, Messrs. Barrow and Bowler stated with regard to the percentage of appealable cases. Considerable discussion followed, in the course of which Dr. Kee gave the number of decisions of the Board for the month of February as being 1,104 of which 800 were appealable.

The Committee also considered the Isidore Ouellette case.

At one o'clock, on motion of Mr. Sanderson, the Committee adjourned until Wednesday, at 11 a.m.

WEDNESDAY, March 14, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Arthurs, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Hepburn, Ilsley, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Sanderson, Speakman, and Thorson
—16.

In attendance as witnesses to be examined for evidence: Messrs. C. W. Belton, Chairman, and C. B. Topp, Secretary, of the Federal Appeal Board, also Messrs. J. T. C. Thompson, Chairman, R. J. Kee, Chief Medical Adviser, and J. A. W. Paton, Secretary, of the Board of Pension Commissioners for Canada.

Messrs. E. H. Scammell, J. R. Bowler, and F. L. Barrow were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Committee proceeded to consider the operations of the Federal Appeal Board. Messrs. Belton and Topp were called, sworn and examined.

In the course of their examination, the Isidore Ouellette case was given further consideration. In this connection witness Belton read from the file regarding decisions given by Doctors Hughes, McKee, Turcotte, Minnes, and others. The witness also read subsection 8 of section 51 of the Pension Act regarding cases of appeal.

Dr. Kee and Mr. Paton, upon being called and sworn, were examined regarding the submission of the Ouellette case to the Department of Justice by the Board of Pension Commissioners, and the question of jurisdiction of the Federal Appeal Board relating thereto. Mr. Paton read the reply received from the Deputy Minister of Justice. Further consideration was given to certain papers relating to the submission of the case, and upon the Chairman's suggestion, the Committee resolved that Mr. Edwards be asked to attend before the Committee at to-morrow's sitting and bring with him the said papers.

Further to the number of appeals, the number heard, and decisions given, witnesses Belton and Topp gave figures by districts covering those years since which the Federal Appeal Board was constituted.

At one o'clock, on motion of Mr. Thorson, the Committee adjourned until Thursday at 11 a.m.

THURSDAY, March 15, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Arthurs, Black (Yukon), Clark, Fiset (Sir Eugene), Gershaw, Ilsley, McGibbon, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Sanderson, Speakman, and Thorson—16.

In attendance as witnesses to be examined for evidence: Messrs. C. W. Belton, Chairman, and C. B. Topp, Secretary, of the Federal Appeal Board, also Dr. R. J. Kee, Chief Medical Adviser of the Board of Pension Commissioners for Canada.

Messrs. E. H. Scammell, J. A. W. Paton, J. R. Bowler and F. L. Barrow were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

Col. C. B. Topp produced a Progress Report showing totals of Appeal cases in classified form by districts, which had come before the Federal Appeal Board; also the number of appeals by districts which had been received during the past ten days; also the total number of appeal cases of members of the Imperial service. (*See Addenda.*)

The Chairman informed the Committee that Mr. Edwards, Deputy Minister of Justice, owing to a request that he must attend at a conference of provincial representatives, was unable to be with the Committee this morning. Mr. Edwards will attend to-morrow.

The Committee then proceeded to consider the evidence given by Col. Belton, Col. Topp, and Dr. R. J. Kee, who were recalled, and further examined regarding procedure followed by the Federal Appeal Board and the Board of Pension Commissioners in the consideration given to medical officers' reports, medical evidence, and decisions given. The question of précis prepared by the Board of Pension Commissioners, and not appearing on the files was also considered and explained by Dr. Kee.

In the course of the proceedings Mr. Scammell read a re-draft of suggestion 22 of the proposed amendments to the Pension Act.

On motion of Mr. Sanderson, it was resolved that the members of the Federal Appeal Board and the Board of Pension Commissioners be advised to have a conference respecting certain amendments to the Pension Act and to report to the Committee.

At one o'clock, on motion of Mr. Gershaw, the Committee adjourned until Friday, at 11 a.m.

FRIDAY, March 16, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs Adshead, Arthurs, Black (Yukon), Clark, Gershaw, Ilsley, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Speakman and Thorson—13.

In attendance as witnesses to be examined for evidence: Mr. Edwards, Deputy Minister of Justice, and Messrs. Belton, Topp and Dr. Kee.

The Minutes of proceedings of the last meeting were read and approved.

The Committee proceeded to the order of consideration of evidence.

Mr. W. Stuart Edwards was called, sworn and examined relative to the submission of the Isidore Ouellette case in 1924 for an opinion. The question of jurisdiction of the Federal Appeal Board and sections 51 and 52 of the Pension Act were also considered.

The witness retired.

Col. Belton, Col. Topp and Dr. Kee were then recalled for further examination.

The Chairman informed the Committee that as a result of the conference mentioned in yesterday's proceedings, the Federal Appeal Board and the Board of Pension Commissioners had agreed to recommend for legislation an additional clause to section 51 of the Act. Said clause was read and considered.

In the course of his examination, Col. Belton submitted a statement showing results of the hearing of appeal cases, the number allowed, and the number disallowed, by districts; also the number of appeals entered, appeals heard, and awards made under the Meritorious Clause. (See also Addenda.)

At one o'clock, the Committee adjourned until Monday, March 19th, at 11 a.m.

MONDAY, March 19, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Arthurs, Clark, Fiset (Sir Eugene), Gershaw, Hsley, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Sanderson, Speakman, and Thorson—14.

In attendance as witnesses to be examined for evidence: Col. Thompson, Chairman, Dr. Kee, Chief Medical Adviser, and Mr. Paton, Secretary, of the Board of Pension Commissioners for Canada.

Messrs. E. H. Scammell, Assistant Deputy Minister, of Department of Soldiers' Civil Re-establishment, M. A. Lavoie, Assistant Secretary, of the Federal Appeal Board, Captain H. Colebourne, Secretary-Treasurer of the Army and Navy Veterans in Canada, Lt.-Col. L. R. Lafèche, and Messrs. C. P. Gilman, J. R. Bowler, and F. L. Barrow, of the Canadian Legion, British Empire Service League, were also in attendance.

The Committee at once proceeded to the order of consideration of evidence, relating to the suggestions of the Canadian Legion in respect of the proposed amendments to the Pension Act.

Col. Thompson was called, sworn, and examined. Dr. Kee and Mr. Paton also gave further evidence.

Suggestion No. 1 was allowed to stand.

Suggestions Nos. 2, 3, 4, 5, 7, 8, 9, and 10, respectively, relating to sections 2, 3, 11, 12, 13, 20 and 22, of the Pension Act, were considered.

At one o'clock, on motion of Mr. McPherson, the Committee adjourned until Tuesday at 4 p.m.

TUESDAY, March 20, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 4 p.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Arthurs, Clark, Fiset (Sir Eugene), Gershaw, McLean (Melfort), McPherson, MacLaren, Power, Speakman, and Thorson—11.

In attendance as witnesses to be examined for evidence: Col. Thompson, Dr. Kee, and Mr. Paton, of the Board of Pension Commissioners.

Messrs. E. H. Scammell, M. A. Lavoie, Captain Colebourne, J. R. Bowler, C. P. Gilman, and F. L. Barrow, were also in attendance.

The Committee at once proceeded to the order of consideration of evidence.

Col. Thompson, Dr. Kee, and Mr. Paton were re-called and further examined regarding the suggestions of the Canadian Legion to amend certain sections of the Pension Act.

Suggestion 11 relating to section 22, subsection (1) (a), in respect to certain children over the age limit in whose behalf pension may be awarded, was considered.

At 4.55 o'clock while the Committee was considering the evidence given in connection with suggestion 12, relating to section 22, subsection (1) (b), the Division Bells rang, calling the members to the Chamber.

The Committee, on motion of Mr. Adshead, then adjourned until Wednesday at 11 a.m.

WEDNESDAY, March 21, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Vice-Chairman, Mr. McPherson, presiding.

Members present: Messrs. Adshead, Arthurs, Clark, Fiset (Sir Eugene), Gershaw, Hepburn, Isley, McLean (Melfort), McPherson, MacLaren, Sanderson, Speakman, and Thorson—13.

In attendance as witnesses to be examined for evidence: Col. Thompson, Dr. Kee, and Mr. Paton, of the Board of Pension Commissioners.

Messrs. E. H. Scammell, M. A. Lavoie, Captain Colebourne, Lt.-Col. L. R. Laflèche, J. R. Bowler, C. P. Gilman, and F. L. Barrow were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Committee gave further consideration to the case of Private J. L. Durand, in whose behalf a letter addressed to the Right Honourable W. L. Mackenzie King, Prime Minister, and signed by Sir Eugene Fiset, and Mr. H. B. Adshead, was read and approved.

The Committee then proceeded to consider the evidence given by Col. Thompson, Dr. Kee, and Mr. Paton regarding suggestions numbers 12, 13, 14, 15, 16, 17, 18, and 19, of the Canadian Legion's proposals.

At the conclusion of the evidence given, the Vice-Chairman read a letter dated the 17th of March, which the Chairman had received from Mr. Harry Bray, of the Soldiers' Aid Commission, Claims Branch, Toronto, covering the number of cases dealt with by the Commission, in respect to claims of entitlement to pension and treatment or increased pensionable assessment.

Consideration was given to Mr. Bray's letter and also upon the question of having Mr. Bray appear before the Committee. After some discussion, it was moved by Mr. Thorson that if Mr. Bray desired to give evidence, he would have to come on his own responsibility.

The Committee at one o'clock, adjourned until Thursday at 11 a.m.

THURSDAY, March 22, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

All the Members of the Committee were present.

In attendance as witnesses to be examined for evidence: Col. Thompson, Dr. Kee, and Mr. Paton, of the Board of Pension Commissioners.

Messrs. E. H. Scammell, M. A. Lavoie, Captain Colebourne, J. R. Bowler, C. P. Gilman, and F. L. Barrow were also in attendance.

The Minutes of Proceedings of the last meeting were read and approved.

The Committee gave further consideration to the question of having Mr. Harry Bray as a witness to be examined for evidence. Mr. MacLaren moved that the matter be dropped. Discussion followed. Mr. Sanderson then moved that Mr. Bray be summoned. Mr. Sanderson's motion was put and declared lost on division. Mr. MacLaren's motion was declared carried.

The Committee then proceeded to consider the evidence given by Col. Thompson, Dr. Kee, and Mr. Paton upon the Canadian Legion's suggestions, numbers 19 to 23 inclusive, respectively, relating to sections 27, 28, 31, 32, and 32 of the Pension Act. The number of pension cases affected under section 27 (b) and also under section 32, subsection 2 were given.

At one o'clock, on motion of Mr. Clark, the Committee adjourned until Friday at 11 a.m.

FRIDAY, March 23, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Black (Yukon), Fiset (Sir Eugene), Gershaw, Hepburn, Isley, McGibbon, McLean (Melfort), McPherson, MacLaren, Power, Speakman, and Thorson—13.

In attendance as witnesses to be examined for evidence: Col. Thompson, Dr. Kee, and Mr. Paton, of the Board of Pension Commissioners.

Messrs. E. H. Scammell, M. A. Lavoie, Captain Colebourne, Lt.-Col. L. R. Laflèche, J. R. Bowler, C. P. Gilman, and F. L. Barrow were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

Mr. Adshead referring to the letter addressed to the Prime Minister, which appears at page 415 of the printed proceedings, pointed out that Sir Eugene Fiset's initials were omitted. This, Mr. Adshead said was an error. To Sir Eugene Fiset was due the whole credit for the letter sent to the Prime Minister. Mr. Adshead explained that he had simply written his initials upon the copy of letter handed in for the printer's copy, upon Sir Eugene Fiset asking him to do so.

The Committee then proceeded to consider the evidence given by Col. Thompson, Dr. Kee, and Mr. Paton upon the Canadian Legion's suggestions, numbers 24 to 31, inclusive, respectively relating to sections 32, 33, 33, 33, 34, 37, and 51 of the Act. A supplementary suggestion, namely, 29 (x) submitted by Mr. Barrow at page 255 of the printed proceedings, and relating to section 14 of the Act, was also considered.

In the course of the evidence given upon suggestion number 29, the case submitted by Mr. Hepburn where a 20 per cent disability pension had been cancelled, was considered. Dr. Kee stated that the letters advising the man that he had been awarded a pension had been returned. The man had given his address as St. Thomas Post Office, Ontario.

The Minister's suggestions numbers 19, 20, and 22 were also considered in the course of the evidence given by Col. Thompson upon the Canadian Legion's suggestions numbers 24, 25, and 31, respectively.

At one o'clock, on motion of Mr. Adshead, the Committee adjourned until Monday at 11 a.m.

MONDAY, March 26, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Arthurs, Clark, Fiset (Sir Eugene), Gershaw, Hepburn, McGibbon, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Sanderson, Speakman, and Thorson—15.

In attendance as witnesses to be examined for evidence: Col. Thompson, Dr. Kee, Mr. Paton, of the Board of Pension Commissioners.

Messrs. E. H. Scammell, Captain Colebourne, Lt.-Col. L. R. Lafèche, J. R. Bowler, C. P. Gilman, and F. L. Barrow were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman read a resolution which he had received from the president of the Veterans of the Federal Riding of North York Association regarding periodic medical examinations of those veterans who were in receipt of disability pensions. The proposal urged in said resolution, it was pointed out, was already contained in the suggestions of the Canadian Legion.

The St. Thomas case referred to at pages 447 and 471 of the printed proceedings was further considered.

Col. Thompson, Dr. Kee, and Mr. Paton were recalled and further examined.

The Committee considered suggestion number 4 of the Legion relating to section 11 of the Act. Col. Thompson explained regarding the definition of the word "disability." He also read a statement which he had prepared regarding the practice of the Board and the various Regulations and Acts under which pension was awarded for disabilities and deaths.

The type case submitted by the Legion at pages 5 and 389 of the printed proceedings was also considered. Mr. Paton and Dr. Kee read certain particulars regarding this case from the record of the Board. Dr. Kee stated he would get his complete military documents.

Pension to dependents of a pensioner who dies from an aggravated condition; and also the definition of the words "on service" and "service" were also considered.

The Committee then considered suggestion number 1 of the Canadian Legion relating to section 2 of the Act; and also suggestions numbers 2, 3, and 4 of the Tubercular Veterans' Section of the Canadian Legion, respectively, relating to sections 11, 21, and 22 of the Act. The redrafted suggestion number 2 submitted as set out at page 141 of the printed proceedings was considered.

The Chairman, before the adjournment, read a letter which he had received from Lieut.-Col. L. R. Lafèche, Dominion First Vice-President of the Canadian Legion, inviting the Chairman and Members of the Committee, on behalf of the President and the Members of their Dominion Executive Council, to inspect and observe the work being done by the officials of their Service Bureau.

The Committee, at 12.45, then adjourned until Tuesday at 11 a.m.

TUESDAY, March 27, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members Present: Messrs. Adshead, Black (Yukon), Fiset (Sir Eugene), Gershaw, Hepburn, Ilsley, McGibbon, McLean (Melfort), McPherson, MacLaren, Power, Ross (Kingston City), Speakman, and Thorson—14.

In attendance as witnesses to be examined for evidence: Messrs. W. J. Callaghan, and B. W. Waugh representing the Civil Service Association of Ottawa, Joseph White, Chief of the Returned Soldiers' Insurance Division, Department of Soldiers' Civil Re-establishment, and Col. Thompson, Dr. Kee, and Mr. Paton, of the Board of Pension Commissioners.

Messrs. E. H. Scammell, Captain Colebourne, Lt.-Col. L. R. Lafèche, C. P. Gilman, J. R. Bowler, and F. L. Barrow were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Committee proceeded to the order of consideration of evidence.

Mr. Gilman was given leave to correct a statement made yesterday relating to suggestion number 3 of the Tuberculous Veterans' Section of the Canadian Legion relating to section 24 of the Pension Act.

Messrs. Callaghan and Waugh, on being called and sworn, were examined regarding certain men employed in the Civil Service at the time of their enlistment who proceeded overseas, returned, and resumed their occupations in the Civil Service, but whose period of service overseas did not count for benefits under the Superannuation Act. Witness Waugh read a decision given by the Deputy Minister of Justice in this regard.

Mr. Joseph White, on being called and sworn, was examined regarding the operations of the Returned Soldiers' Insurance Division. Mr. White, in the course of his examination presented statistical tables relating to the number of policies issued, policies in force, cost of administration, cash surrendered insurance, death claims, lapses and re-instatements, etc. (See Addenda.)

Col. Thompson, Dr. Kee, and Mr. Paton, on being re-called were further examined regarding the suggestions submitted to the Committee for consideration, by the Tuberculous Veterans' Section of the Canadian Legion, their re-drafted suggestion number 2; and also the suggestions of the Army and Navy Veterans, numbers 1 to 6 inclusive.

The Committee, at one o'clock, on motion of Mr. Speakman, adjourned until Wednesday at 11 a.m.

WEDNESDAY, March 28, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Black (Yukon), Clark, Fiset (Sir Eugene), Hepburn, McPherson, MacLaren, Power, Ross (Kingston City), Speakman, and Thorson, 11.

In attendance as witnesses to be examined for evidence: Col. Thompson, Dr. Kee, and Mr. Paton, of the Board of Pension Commissioners, and Captain Colebourne, of the Army and Navy Veterans.

Messrs. E. H. Scammell, J. L. Melleville, Lt.-Col. L. R. Lafèche, C. P. Gilman, J. R. Bowler, and F. L. Barrow were also in attendance.

The Minutes of proceedings of the last meeting were read and approved.

The Chairman informed the Committee that he had received from Mr. A. J. Wilson, Victoria, British Columbia, an ex-member of the 34th Battalion, C.E.F., representations which he desired to submit for the consideration of the Committee in regard to certain recommendations of the Canadian Legion and other organizations relative to Pension Act amendments and other suggestions relative to Re-establishment and Insurance. He had also received from Dr. W. A. Groves, of Fergus, Ontario, an ex-medical examiner of the Department of Soldiers' Civil Re-establishment, a communication in respect to payments which he had made to the superannuation fund and which he claimed he should be given back the amount he thus contributed. In this connection a special sub-committee was appointed consisting of Messrs. Clark, Ross, Fiset (Sir Eugene), Thorson, and the Vice-Chairman, Mr. McPherson, to investigate and report regarding Dr. Groves' claim.

Lt.-Col. Laflèche, Dominion First Vice-president of the Canadian Legion, was given leave to make a statement recommending that some recognition from Canada be made to the holders of the Victoria Cross.

The Committee then proceeded to further examine Col. Thompson, Dr. Kee and Mr. Paton upon the suggestions of the Army and Navy Veterans. In this connection, Col. Thompson read a number of cases which had been considered by both the Board of Pension Commissioners and the Federal Appeal Board, under section 21 of the Act.

Captain Colebourne was re-called and examined regarding assistance to be given to soldiers' advisers; also upon suggestions regarding the re-organization of Veteraft shops; also upon Major Lyons suggestion that free medical treatment and hospitalization be provided for all returned soldiers, and also regarding provision to be made for those ex-service who are reaching the age of 65 years and 70 years.

At one o'clock, the Committee rose to meet again at 4.

AFTERNOON SITTING

The Committee met at 4 o'clock, p.m., the Vice-Chairman, Mr. McPherson, presiding.

Members present: Messrs. Fiset (Sir Eugene), Gershaw, Ilsley, McLean (McFort), McPherson, MacLaren, Power, Sanderson, Speakman, and Thorson, 10.

Col. Thompson, Dr. Kee, and Mr. Paton were recalled and further examined. Consideration was given to the suggestions of the Amputations Association of the Great War, the Sir Arthur Pearson Club for Blinded Soldiers and Sailors, and the Canadian Pensioners' Association in regard to their suggestions on amendments to the Pension Act; and also in regard to the proposed amendments suggested by the Minister of Soldiers' Civil Re-establishment. In this latter particular suggestions numbers 1 to 4 inclusive, respectively relating to sections 2, 13, 16 and 18 of the Pension Act, were considered.

Mr. Barrow was given leave to ask certain questions relating to aggravation cases covered by section 11 (b) of the Act; and also relating to an apparent omission in the proposed amendment to section 16; and also certain other points all of which are set out in the Minutes of Evidence.

Witness Mr. J. R. Bowler was discharged.

The Committee, on motion of Mr. Speakman, adjourned at 6 o'clock until Thursday at 11 a.m.

THURSDAY, March 29, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 a.m., the Chairman, Mr. Power, presiding.

At 11.20 the following members had assembled, namely: Messrs. Adshead, Fiset (Sir Eugene), Gershaw, McLean (Melfort), and Power—5.

The Clerk could not report a quorum present. Five other Committees had been convened for the same hour of meeting, namely: Miscellaneous Private Bills, Privileges and Elections, Banking and Commerce, Industrial and International Relations, and Railway, Canals and Telegraph Lines.

The Chairman ordered that notices be issued advising the Members that the Committee would meet at 4 o'clock.

AFTERNOON SITTING

The Committee met at 4 o'clock, the Chairman, Mr. Power, presiding.

Members Present: Messrs. Adshead, Fiset (Sir Eugene), Gershaw, Hepburn, Ilsley, McLean (Melfort), Power, Sanderson, Speakman, and Thorson—10.

In attendance as witnesses to be examined for evidence: Col. Thompson, Dr. Kee, and Mr. Paton, of the Board of Pension Commissioners.

Messrs. E. H. Scammell, J. L. Melville, Captain Colebourne, Lt.-Col. L. R. Lafèche, C. P. Gilman, J. C. G. Herwig, and F. L. Barrow were also in attendance.

The Committee at once proceeded to consider the evidence given by Col. Thompson, Dr. Kee, and Mr. Paton upon the Minister's proposed amendments to the Pension Act. Commencing at number 7 suggestion all of the remaining proposals set forth in the agenda were considered. The said suggestions proposed to amend subsections (1), (5), (7) and (9) of section 22, subsections (1) and (2) of section 25, sections 26, 29, 30, 32, 33, 37, and 51. Paragraph (b) in suggestion number 11 and subsection (4) in suggestion number 17 are to be re-drafted. Consideration was also given to suggestion number 23 relating to Schedule A of the Act by adding thereto "Class 21" disabilities below 5 per cent, all ranks.

At 5.45 o'clock, the Committee, on motion of Mr. Thorson, adjourned until Call of the Chair.

THURSDAY, April 12, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. Power, presiding.

Members present: Messrs. Adshead, Fiset (Sir Eugene), Gershaw, McLean (Melfort), McPherson, Power, Sanderson, Speakman, and Thorson—9.

In attendance as witnesses to be examined for evidence: Mr. J. C. G. Herwig, Adjustment Officer, of the Canadian Legion, B.E.S.L., Major E. J. Ashton, Commissioner, of the Soldier Settlement Board, and Lt.-Col. L. R. Lafèche, Dominion First Vice-President, of the Canadian Legion, B.E.S.L.

Messrs. E. H. Scammell, F. L. Barrow, R. L. Calder, and H. Colebourne were also in attendance.

The Chairman informed the Committee that he had received a communication from Mr. Harry Bray of the Soldiers' Aid Commission, of Toronto, the Chairman's statement regarding contents of the communication and the Vice-Chairman's explanation thereto relating are reported in to-day's proceedings.

The Chairman read a letter which he had received from the Under-Secretary of State for External Affairs relative to the case of the French Reservist, Pte. Justin-Louis Durand, showing that our High Commissioner in Paris had been instructed to discuss the matter with the Government of France.

The Chairman also informed the Committee that Bill 39, An Act respecting the disposal of certain Canteen Funds had been referred to the Committee.

The Committee then proceeded to the order of consideration of evidence upon the suggestions submitted by the Canadian Legion respecting Soldier Settlement.

Mr. Herwig and Major Ashton were called, sworn and examined. Tabulated statements on Revaluation and Collections were produced by Major Ashton and ordered printed in the proceedings. *See Addenda herein.*

Lt.-Col. Lafèche being called and sworn, was examined on behalf of the Canadian Legion respecting Canteen Funds. Mr. Scammell explained regarding the disposal of the Fund under the Canteen Fund Act.

On motion of Mr. Thorson, it was resolved that the suggestions of the Canadian Legion in respect to Service Pensions and Civil Service Preference be printed as an addenda to to-day's proceedings.

Further proposals submitted by Mr. Barrow and a letter submitted by Captain Colebourne were also ordered printed as an addenda to the proceedings.

The Committee then adjourned until 5 o'clock p.m. for discussion.

FRIDAY, April 13, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock, a.m., the Chairman, Mr. Power, presiding.

Members present:—Messrs. Adshead, Arthurs, Black (Yukon), Clark, Gershaw, Hepburn, McGibbon, McLean (Melfort), McPherson, Power, Ross (Kingston City), Sanderson, Speakman and Thorson—14.

In attendance as witness to be examined for evidence: Major J. L. Melville, Department of Soldiers' Civil Re-establishment, Chief of Division of Veteraft Workshops, Orthopaedic and Surgical Appliances.

Messrs. E. H. Scammell, J. C. G. Herwig and F. L. Barrow were also in attendance.

The Chairman informed the Committee that he had received two communications from the Canadian Legion, B.E.S.L., namely: (1) from Mr. Saunders, Secretary of the Britannia Branch at Victoria, B.C., relative to approximately 8,200 disability pensioners resident in British Columbia, a large proportion of whom were handicapped in the securing of suitable employment; (2) from Mr. Clyma, Secretary of Branch 26, of Toronto, relating to ex-service disabled workers in Veteraft workshops whose pay for all holidays is stopped. Said communications are reported in to-day's proceedings.

The Committee then proceeded to consider the evidence given upon the employment of disabled ex-service men in Veteraft workshops.

Major Melville on being called and sworn, was examined. Evidence was adduced regarding organization, assistance, and output; various articles made in the shops at various centres in Canada; also regarding the class of pensioners who were admitted to such work, the number employed, results of operations and recommendations of the department.

In the course of his evidence the witness in reply to a request of Mr. MacLaren made at a previous meeting, submitted figures showing the value of toy imports from the United States, Germany, Great Britain and other countries.

Mr. Scammell gave figures showing the number of the unemployed who were in receipt of relief assistance at the end of 1927, also the number registered as unemployed; distribution of same at the various centres, their average age, etc.

Witness Melville retired, and the Committee resolved itself into session for discussion in camera at 12.30 o'clock.

At one o'clock the Committee adjourned until Monday at 11 a.m., for further discussion in camera.

MONDAY, April 30, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., Mr. Power, the Chairman, presiding.

Members present: Messrs. Adshead, Arthurs, Black (Yukon), Fiset (Sir Eugene), Gershaw, Ilsley, McGibbon, McPherson, McLean (Melfort), Power, Ross, Speakman, and Thorson—13.

The Fourth and Final Report of the Committee as drafted by the sub-committees was considered. Its several parts were read by the Chairman.

The recommendation relating to "Treatment" in Part VI, after a good deal of consideration, was redrafted, re-read and unanimously agreed to.

Subject to a few minor changes to be made the said report was adopted on motion of Mr. McPherson, and ordered presented to the House.

The Third Report relating to Bill 39, An Act respecting the disposal of certain Canteen Funds, was also adopted and ordered presented to the House.

An account amounting to \$25 in favour of Mrs. Wheeler for extra time service to the Drafting Sub-committees was presented. On motion of Mr. Speakman, seconded by Mr. McPherson, it was ordered that the Chairman recommend its payment.

At the conclusion of the Committee's deliberations, Mr. McGibbon moved that a vote of thanks be tendered to the Chairman. Said motion was unanimously supported. The Chairman thanked the members for their effective co-operation. He also thanked Mr. Thorson and others who had drafted the recommendations.

The Committee then adjourned *sine die*.

V. CLOUTIER,
Clerk of the Committee.

LIST OF PERSONS WHOSE EVIDENCE AND STATEMENTS ARE HEREIN CONTAINED

- Ashton, Major E. J., Commissioner, Soldier Settlement Board, Ottawa.
- Barrow, F. L., Adjustment Officer, Executive Council of the Canadian Legion, B.E.S.L., Ottawa.
- Belton, Col. C. W., Chairman of the Federal Appeal Board, Ottawa.
- Bowler, J. R., Counsel and Soldiers' Adviser, Executive Council of the Canadian Legion, B.E.S.L., Winnipeg.
- Brown, C. J., Representative, Amputations Association, Sir Arthur Pearson Club, and Canadian Pensioners Association, Toronto (Soldiers' Insurance).
- Calder, R. L., Montreal (Canteen Funds and Relief).
- Callaghan, W. J., President, Civil Service Association of Ottawa.
- Colebourne, H., Secretary-Treasurer, Army and Navy Veterans in Canada, Ottawa.
- Dobbs, W. S., City Superintendent, Employment Service of Canada, Toronto.
- Edwards, W. Stuart, Deputy Minister of Justice, Ottawa.
- Gilman, C. P., Executive Council of the Canadian Legion, Tuberculous Veterans Section, B.E.S.L., Ottawa.
- Hale, R., Executive Council of the Canadian Legion, Tuberculous Veterans Section, B.E.S.L., London.
- Herwig, J. C. G., Adjustment Officer, Executive Council of the Canadian Legion, B.E.S.L., Ottawa.
- Kee, Dr. R. J., Chief Medical Adviser of Board of Pension Commissioners, Ottawa.
- Lafleche, Lt.-Col. L. R., Dominion First Vice-President, Executive Council of the Canadian Legion, B.E.S.L., Ottawa.
- McDonagh, F. G. J., Representative of Canadian Pensioners Association, the Sir Arthur Pearson Club, and Amputations Association, Toronto (Rehabilitation).
- Marsh, J. F., Representative, Employment Service of Canada, Toronto (Handicap and Problem Cases).
- Melville, Major J. L., Chief Officer of Orthopaedic and Surgical Appliances Division and Vetcraft Shops, D.S.C.R., Ottawa.
- Myers, Richard, Representative of Amputations, and Canadian Pensioners Associations, Toronto.
- Paton, J. A. W., Secretary of Board of Pension Commissioners, Ottawa.
- Saunders, S. W. Norman, Executive Council of the Canadian Legion, B.E.S.L., Victoria, B.C.
- Scammell, E. H., Secretary of Department of Soldiers' Civil Re-establishment, Ottawa.
- Thompson, Col. J. T. C., Chairman of Board of Pension Commissioners, Ottawa.
- Topp, Col. C. B., Secretary and Commissioner of Federal Appeal Board, Ottawa.
- Waugh, B. W., Representative of Civil Service Association, Ottawa (Superannuation Act).
- White, J., Chief Officer of Returned Soldiers' Insurance Division, D.S.C.R., Ottawa.
- Wilson, Mrs. J. A., National Council of Women of Canada, Ottawa (Widows' Pensions and Insurance).

MINUTES OF EVIDENCE

COMMITTEE ROOM 429,

HOUSE OF COMMONS,

THURSDAY, February 23, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

The CHAIRMAN: We will come to order.

DISCUSSION

JOHN R. BOWLER called and sworn.

By the Chairman:

Q. You are representing here the Canadian Legion?—A. The Dominion Executive Council of the Canadian Legion.

Q. Of the British Empire Service League?—A. Yes.

By Mr. Adshead:

Q. That is for all of Canada?—A. Yes.

By the Chairman:

Q. You were authorized by the Executive Council to make a statement to this committee?—A. Yes.

Q. Proceed with that statement.—A. I understand, Mr. Chairman and gentlemen, that you have before you a memorandum submitted to the committee by the Executive Council of the Canadian Legion, which sets out in various paragraphs the contentions they particularly wish you to consider. Before proceeding may I be permitted to enquire just the procedure to be adopted by the committee; that is, I take it—in fact I feel sure—there will be other opinions on this question beside our own, and we anticipate and hope that we shall hear from the department of Soldiers' Civil Re-establishment and the Board of Pension Commissioners, and I would like to ask, sir, if it is satisfactory to you, that we be permitted to hear any other remarks which are made, and perhaps be permitted to answer.

The CHAIRMAN: That is a matter for the committee, but I think it has been the usual custom in the past, and I do not see any reason for departing from it in this instance. It does not need a motion; if the committee is satisfied to allow the representatives of the Legion to remain here during the evidence and, if necessary, to make further representations later on, it will be satisfactory. (To witness) I think you can take that for granted.

The WITNESS: Thank you. In regard to the legislative programme before you, a copy of which I think has been furnished to every member: it was prepared starting with section 1 of the Act and going all the way through, but it does not necessarily mean that the provisions are in their order of importance as, in fact, it might be rather confusing if we were to start with the earliest sections, because section 2, for instance, deals with interpretations, and it is

really difficult to explain that meaning unless you deal with some of the later sections; and so, with your permission, I would like to be able to start and continue at any point in the programme which we have here.

The CHAIRMAN: I see no objection to that.

The WITNESS: The question, sir, which we feel is of pressing importance at this time is in regard to the existing time limit in respect to the applications for pensions. That is covered by section 13 of the Pensions Act.

The CHAIRMAN: Item No. 8.

The WITNESS: Item No. 8 on the programme. The most important item there is the question of applications for pensions by men with disabilities. At the present time, due to an amendment passed two years ago, a man may apply for a pension within nine years of the date he was retired or discharged from the force.

Hon. Mr. KING: That was last year.

Mr. ADSHEAD: Nine years from the armistice; December, 1927, is the latest, is it not?

The WITNESS: Not necessarily. The reason we are bringing that point up is because I think a great majority of the C.E.F. came back in the early months of 1919, so that their time limit is just expiring now—it will be out within two or three weeks; It is to these men that we now have particular regard.

Now, we feel this: that the country has stated—and we are all agreed—that if a man can establish that a disability which he has is a war disability, he is entitled to recognition, and we do not feel that there should be any arbitrary time limit to interfere with that right. I understand, perhaps, why the time limit was put in, because people thought there must be an end to it some day; but at the same time I think that all of us could agree that if we had a man come to us, whose claim we were satisfied was good, whose disability we were satisfied was due to service, we would not like to think he was ruled out because his application had not been made within nine years. We suggest that the time limit should be removed; we suggest it should be made indefinite. But that is a matter of discretion. But at any rate the time limit should be extended far enough to give these men, whose time limit is just expiring—and they are really the great majority of the C.E.F.—that opportunity; and in submitting that contention we point out it will not require any addition to the existing machinery; nobody anticipates that the Board of Pension Commissioners will discontinue their activities. For years to come the administration of pensions will be necessary, and we suggest the Board be empowered to go on in the same way as they are now, and hear applications as they arise, and determine them on the merits, irrespective of any time limit.

We also suggest that the same provisions be inserted in regard to subsections (a) and (b) of section 13. The section reads:

13. A pension shall not be awarded unless an application therefor has been made

(a) within three years after the date of the death in respect of which pension is claimed; or

(b) within three years after the date upon which the applicant has fallen into a dependent condition;

Now, I do not know whether I am correct, but I rather think that when the time limit for disabled men was extended on the two previous occasions, this question was overlooked. If you are going to extend it to the disabled men, I do not see why it should not be extended for his dependents also. I cannot say I have personal knowledge of many cases affected; I have knowledge of one which

[Mr. J. R. Bowler.]

was ruled out under that clause, but which I was subsequently able to re-establish upon rather slender material, and it seems to me that the same rule should be applied to dependents as to the ex-service men themselves. That is all I have to say on that.

The CHAIRMAN: Are there any questions on submission No. 8?

Mr. ARTHURS: There is just one. Is it necessary that an application should be put in in the case of a pensioner, who, according to his medical history, is to a certain extent disabled? For instance, you might say that he has a 30 per cent disability. This man has never applied for a pension—and there are many such cases among the returned men. Does this act at the present time apply to a man where his medical history sheet clearly shows that he was discharged with a disability?

The CHAIRMAN: I think that is covered by another suggestion with regard to the interpretation of the word "applicant".

The WITNESS: Yes, that is right.

The CHAIRMAN: As I understand it, this suggestion is really a matter of principle as to whether or not the committee is to recommend that there shall be no time limit placed upon applications for pensions.

Mr. Ross (Kingston City): Are we to take these up now as we go along and make our recommendations?

By Mr. McPherson:

Q. Mr. Bowler, assuming that the proposal was fair and reasonable as to clauses (b) and (c), which might arise at any time, do you not think that the clause in case of a death, which is a fixed case, should reasonably allow a fixed time for it? That is, when a soldier dies, we know that the condition arises under (b) and (c), but it might not arise for some years after.—A. I think the same contention would apply that a claim should be considered on its merits. That is what we want to avoid, a genuine case being barred by the time limit.

Q. In practice has not the reason for the barring by time limit been that the soldier was not aware of the condition which existed and which might entitle him to a pension until some years after. He would be aware in case of death, and yet his dependents might not be.—A. That is really a hypothetical question in regard to the dependents, and, as the Chairman says, we ask this as a matter of principle.

Mr. Ross (Kingston City): That may be all right for a great many, but there would be some cases where perhaps a soldier was away in another land, and his death might not be known, or might not be established for years.

The WITNESS: That may be so.

By Mr. Thorson:

Q. Take the case of a soldier who has disappeared and deserted his wife: the wife who is a dependent, may not become aware of the fact of his death for a long time, and she might be barred under subsection (a).—A. That is true; there is a case in point on that.

Q. There is a case in Winnipeg on that, where a husband has disappeared; he may be dead, and he may not be.—A. You cannot conjecture very well with any degree of certainty what is going to come up, but the point is if a genuine case does come up it should not be debarred. In business and commercial transactions I can understand why the time limits are laid down to allow for certain things being done, and if they are not done within that limit they are statutorily barred; but the same thing should not apply to individuals who are

claiming by virtue of war service. I do not think that anyone should be debarred from a pension, to which they would otherwise be entitled, by reason of an arbitrary time limit.

By the Chairman:

Q. I do not suppose you have ever considered the question of the cost?—

A. As I pointed out, Mr. Chairman, I am not an expert on the question of cost, but it seems to me there would be no addition needed to the present machinery, that is, in regard to pensions for many years to come.

The CHAIRMAN: If there are no further questions we can proceed to another item.

The WITNESS: On item No. 4, Mr. Chairman, the recommendation is that Section 11, subsection (1) (a) be replaced by a new subsection providing for the award of pensions to or in respect of members of the forces who have suffered disability, in accordance with the rates set out in Schedule "A" of the Pension Act, when the injury or disease or aggravation thereof resulting in disability, in respect of which the application for pension is made, was attributable to, or was incurred during such military service.

Providing also for the award of pension to or in respect of members of the forces who have died, in accordance with the rates set out in Schedule "B" of the Pension Act, when the injury or disease resulting in death, in respect of which application for pension is made, was attributable to or was incurred or aggravated during such military service.

This proposal is intended to reintroduce the provisions of the original Act of 1919 so as to provide for payment of pension to dependents (if otherwise eligible) in all cases where death is the result of an injury or disease aggravated by or during service. This submission is based on the fact that, under the present practice, a man may be in receipt of pension for aggravation during his lifetime, together with the stipulated allowance for his wife and children; but, upon his death from the pensionable disability, pension to the widow and children is refused unless it can be shown that death was the result of service aggravation, as distinguished from the entire condition. It is submitted that any service aggravation must necessarily shorten expectancy of life.

By the Chairman:

Q. Can you tell us why the Act of 1919 was changed?—A. Yes, I can explain how it was changed. It was changed as a result of the recommendation of the Ralston Commission. The intent was to make as clear as possible the insurance principle in the pension. Some of the members of the Committee will remember that that was one of the issues in dispute during the Royal Commission, and the Commission recommended that the insurance principle should definitely be placed on the Statute book, and made clear. I think myself that it was in the endeavour to make that point clear that inadvertently room was left for the interpretation which is now being placed upon the Statutes. For example, the original Act says:

The Commission shall award pensions to or in respect of members of the forces who have suffered disability, and in respect of members of the forces who have died.

and so on. (Reading):

When the disability or death in respect of which application for pension is made was attributable to or was incurred or aggravated during military service.

That is what they said in 1919; the Pensions Board are on record themselves as to what that meant.

(Mr. J. R. Bowler.)

On page 16 of the Report on the first part of the investigation, the Commission explain what was meant by the original section 11. It reads:

Pensions were awarded to dependents when the death was attributable to or was incurred or aggravated during military service.

The Pensions Board interpreted this as meaning that a widow was entitled to a pension if; (a) Death was attributable to service; (b) Death resulted from something which was incurred or aggravated during service. That is, it was resultant from something which was incurred or aggravated during service. The Pension Board stated at that time that if it was resultant from something that was aggravated during service that was sufficient to entitle the widow to pension.

Q. What date was it changed in the Act?—A. In 1923, and it was made to read as follows:

Section 11—1. Pension shall be awarded to or in respect of members of the forces who have suffered disability resulting from injury or disease or aggravation thereof in accordance with the rate set out in Schedule "A", and in respect of members of the forces who have died in accordance with the rates set out in Schedule "B" of this Act, when the disability resulting from the injury or disease or the aggravation thereof in respect of which application for pension is made, or the injury or disease or the aggravation thereof resulting in death in respect of which application for pension is made, is attributable to or was incurred during military service.

So, in their effort to make clear the insurance principle in pensions, they used the words, "injury or disease or the aggravation thereof resulting in death".

Now, the Pensions Board have interpreted that, and possibly they are correct as a matter of law, but they have interpreted that to mean that the aggravation must be the material cause of death and that it is no longer a sufficient ground, if a man dies from the aggravation of a condition, for the widow to claim pension; she has to go farther now and she has to prove that the aggravation, as distinguished from the entire condition, was in itself the material factor in producing death. On that ground there are, to my knowledge, several claims that have been rejected.

Q. Can you tell the Committee of any case, without mentioning names, that has come to your knowledge wherein the dependent would have been debarred from pension owing to the interpretation put upon this section by the Board of Pension Commissioners?—A. Yes, and I could hand the names in to you afterwards.

Q. For the time being it is not necessary to produce names?—A. I can cite three in any event. Here is one case:

This man had excellent service, and as his file will show, was most highly commended by his senior officers for special work performed in England. He was discharged February 1917, medically unfit. Pension was originally awarded at the rate of 20%, but in January 1920 the award was as follows: Entire disability 20%, pensionable disability 10%. This included D.A.H. and arterio sclerosis, aggravated on active service. He died in February 1924, cause myocarditis and arterio sclerosis. In the ruling of the Board refusing pension to widow and dependents it is admitted that the man died from the condition for which he received pension for aggravation, but the claim was rejected on the ground that death was not the result of aggravation on service.

I have another case in Winnipeg that is exciting considerable public opinion there. It really makes it most difficult for me to deal with a case; it is very hard for me to explain to a practically destitute widow these technicalities. Her husband was a man who had seen long service in the Imperial

(Mr. J. R. Bowler.)

forces. When the war broke out he enlisted with the Canadians and went overseas. He did not get to France but was put on special instruction duties in England, and eventually his health broke and he was sent back. After some difficulty pension was established. He was found to be entirely disabled from heart disease and the Pension Board agreed that there had been aggravation to the extent of one-tenth during service and they, therefore, awarded him a pension of ten per cent. When that was done he was immediately taken under treatment by the Department of Soldiers' Civil Re-establishment, and he received pay and allowance, as he had a wife and dependents, during his lifetime. He subsequently died from this condition and upon his death his widow not only lost her husband, but she lost everything else too.

By Mr. McGibbon:

Q. Did he not carry any insurance?—A. He had some fraternal insurance.

Q. Was not the principle, behind what you are asking for, the basis upon which the country established the insurance of soldiers?—A. Yes, I think I would be inclined to agree with that.

By Sir Eugene Fiset:

Q. Was he an Imperial pensioner besides?—A. No.

MR. ADSHEAD: I have a case exactly similar. I had a letter this morning from the Pension Board refusing an allowance to the wife and children of a man who had had a disease before he went in. He told them he had this disease. He had a good position and he told the authorities he had this disease and they allowed him to enlist.

By Mr. Adshead:

Q. I would like to ask what you mean by the "years during service". Does that necessarily mean after enlistment, whatever that service may be? What is your interpretation of, "aggravated by or during service"?—A. My understanding of it is this; it means that—

By Mr. McGibbon:

Q. From the time of enlistment?—A. It is admitted that the man had a disability on enlisting, and that at the time of his discharge his disability was greater than it was on enlistment; the difference between the two is the degree of aggravation, and that is aggravation during service.

MR. ADSHEAD: There seems to be some discrimination between men who enlisted and did not get over to France and men who did get over to France. The point I want to make is this; if his condition was not aggravated, and he died from the result of this disease, the fact that he enlisted and the fact that he surrendered a good position, by means of which he might have made some provision for his wife and family, should surely entitle them to some consideration. When he did offer himself it was not his fault that they took him, though they acknowledged afterwards that he should never have been enlisted; it was the fault of the military authorities that enlisted him.

The WITNESS: Did they accept him knowing the disability?

MR. ADSHEAD: Yes.

By Mr. Adshead:

Q. Would your application cover cases of that sort?

The CHAIRMAN: That is dealt with by another section of the Act. There are two questions involved; there is the question of disability resulting in service

(Mr. J. R. Bowler.)

not in what was called the actual theatre of war; then there is the further question of a man who enlisted and who had a disability which was obvious. I think I can make my meaning clearer by giving an instance. A man might enlist and have a glass eye; he might serve all through the war but he would not be entitled to a pension for the loss of the eye.

Mr. BLACK (Yukon): You could not aggravate that.

The CHAIRMAN: It would not be an aggravation. That is the point I want to make clear; there would not be any aggravation.

Sir EUGENE Fiset: The only thing we could do would be to repair the glass eye.

By Mr. Adshead:

Q. Does your clause cover a case of that sort?—A. The clause that we are recommending covers any case, except where a marriage takes place after the appearance of the disability. But apart from that it covers any case where a man, during his lifetime, is pensioned for aggravation, and then subsequently dies from that same condition for which he received pension.

Q. Whether aggravated or not by the service?—A. You have got to have the aggravation.

Q. That is the point I wish to take up. Here is a man who had a good position; he is married but does not want to be considered a slacker; he has a disease and he applies to the military authorities and tells them, "Now, I have this disease." That goes down on the sheet and they take him. He never gets to the theatre of war, but is discharged in 1918. After fighting for a number of years he gets a small pension and he dies as the result of this disease. The fact still remains that he surrendered his good position, by means of which he might have provided for his wife and family in some degree, but now his dependents are refused anything, and they are destitute.

Sir EUGENE Fiset: I am under the impression that on the form of enlistment there is a statement attached to the form that the man insisted on being enlisted, notwithstanding his disability, and therefore he has set aside his claim to a pension afterwards.

Mr. McLEAN (Melfort): I think that we decided we would hear the witnesses first, and not debate these things.

The CHAIRMAN: I think Mr. Adshead is perfectly within his rights, and I am sorry to rule against Mr. McLean. He is entitled to ask the witness any questions he desires. The question of whether it is desirable for the country to grant pensions just on account of service and not on account of service disability, is, I think, a matter for further discussion, but not at the present time.

By Mr. McGibbon:

Q. A certain provision has been made along that line by providing insurance at less than cost without examination?—A. Yes, that is true; that is not the Pension Act though.

Q. I am not disputing the justice of your claim at all, but Parliament has, to a certain degree, made provision for such cases if the man wants to take advantage of it.

The CHAIRMAN: I think you will recollect that it was just to cover cases such as this that the suggestion was made that the Insurance Act—

Mr. McGIBBON: That is what brought it into existence.

The CHAIRMAN: Mostly heart cases, if I remember rightly.

Mr. THORSON: Possibly that question might be considered when we come to deal with the question of the extension of the time during which a soldier may get the benefit of that insurance provision.

[Mr. J. R. Bowler.]

The CHAIRMAN: We have covered that already.

Sir EUGENE Fiset: We are dealing with pensions and aggravation, that is all.

Mr. Ross (Kingston): Were there any such enlistments as that mentioned by General Fiset?

Sir EUGENE Fiset: There were a good many.

Mr. Ross (Kingston): Enlistments for special service?

Sir EUGENE Fiset: At the beginning of the war, especially when the machinery was not exactly in proper running order, especially at Valcartier, where men flocked and were given enlistment forms, the medical examinations were not exactly what you might call bona fide, to the same extent that they were afterwards, and there is no doubt that a good many of these cases were simply noted on the enlistment form, stating that the man had agreed to set aside all claims to pension. There are many of those cases that do exist.

Mr. Ross (Kingston): There is no authority for that. The enlistment is an enlistment for service, not for anything special.

Sir EUGENE Fiset: I am simply answering the question you have asked me, if there were any cases, and there were. Many of those cases were examined in England and sent back; many were examined at Valcartier and sent back home.

Mr. McGIBBON: The trouble was that the medical examinations were bad.

Mr. Ross (Kingston): I would not say they were so bad at Valcartier; they were very particular, but nobody knew what the service was.

Sir EUGENE Fiset: The conditions at Valcartier for the first contingent were extremely peculiar. We had thirty-seven thousand men congregated there in order to send thirty thousand; seven thousand of those men were sent back.

Mr. ADSHEAD: But if he remained in the forces for a number of years it would be different from what it would be if he was discharged right away?

The CHAIRMAN: Are there any further questions with reference to aggravation? The whole discussion on Item No. 4 is with regard to death from aggravation of the disability for which the man was pensionable. Any further questions on that particular point?

Mr. THORSON: Where he was pensioned for the aggravation.

The WITNESS: If I would just say another word?

The CHAIRMAN: I think Mr. Bowler could perhaps give us another type case.

The WITNESS: Yes. I wanted to say that, in my opinion, and with deference, this question should not be confused with insurance. If the insurance was intended for anyone it was intended for the man who had a disability which he could not show was either incurred during or aggravated on service. Our contention here is that where a man has shown, and it is established that there was aggravation on service, then if he dies from that disability his aggravation is just as much responsible for his death as any other part of his condition, and that you cannot distinguish between the two. Moreover, there is a moral point of view. How can you find a justifiable explanation for refusing to grant a pension to the widow? She is able to say, "My husband had a particular heart condition; he was pensioned for that condition and he received frequent allowances for that condition, yet, when he dies I am told that I am not entitled to pension."

The CHAIRMAN: I am told that in the proposed new Act provision has been made to cover the point taken up by Mr. Bowler.

The WITNESS: I am pleased to hear that.

[Mr. J. R. Bowler.]

Mr. BLACK (Yukon): If it is already covered in the legislation, why take up more time?

The WITNESS: I am going on to other points here. There are two sections here that Mr. Barrow has more personal knowledge of than myself, and I was wondering if perhaps you could call him now.

By the Chairman:

Q. Have you anything else?—A. Oh, yes.

Mr. THORSON: Perhaps if the witnesses wish to take these matters up in any particular order they might be allowed to do so.

The WITNESS: As a matter of fact, I only got in last night and I have not really had time to sort these out in the order I want to put them in.

Mr. McLEAN (Melfort): Perhaps, in that case, Mr. Bowler would rather retire and have Mr. Barrow take his place.

The CHAIRMAN: If the Committee has no objection, we can hear Mr. Bowler again some other time.

F. L. BARROW called and sworn.

By the Chairman:

Q. You are the Secretary of the Executive Council of the Canadian Legion?

—A. No, sir, I am the representative of the Executive Council of the Canadian Legion of the British Empire Service League.

Q. And authorized by the council to make statements to this Committee?

—A. Yes, sir. May I raise one point in connection with that suggestion No. 4, that we have been discussing, although it is covered in the legislation. The very man who cannot take out insurance is this class of man, a man who perhaps is 100 per cent disabled but only pensioned at ten per cent for aggravation; he is the man who cannot afford to take out insurance, however small the premium may be.

Dealing with suggestion 1. We are asking for an amendment to section 2 (a) "appearance of the injury or disease." This definition has to do with the pensioning of widows, because the Pension Act requires that the widow shall be married before the appearance of the injury or disease resulting in death.

By Mr. Adshead:

Q. What is that statement you made about the widow?—A. The widow, in order to be pensionable, must have been married at the time of the appearance of the injury or disease resulting in the death of her husband.

By Mr. McPherson:

Q. That is, if she marries an injured or diseased husband, she cannot get a pension?—A. Under the present law. I am just citing that to show the value of this amendment. I will read the definition in the original Act of 1919, if I may?

The appearance of the disability includes the reappearance of a disability which has been reduced sufficiently to permit a member of the force to serve in the theatre of actual war.

In 1920 that was repealed, and this substituted:

The appearance of the injury or disease includes the recurrence of an injury or disease which has been so improved as to have removed the resultant disability.

[Mr. F. L. Barrow.]

The scope of the definition was extended in that way, but at the same time we appear to have lost something which was a fact, and had something substituted which to the lay mind was intangible. To show just exactly what I mean, I have a letter here from the Secretary of the Pension Board wherein he says:

Whether or not, at the time of marriage, this man's condition had been so improved as to have removed the resultant disability is, in the opinion of the Board, entirely a **medical matter**.

I think that is perfectly true under the present definition, and we do not want the pension doctors to say we are asking them to say that the disability had been removed when they believed it is not so. We ask that the original provision of 1919 be re-embodied in this section. There are very few cases; it is just an occasional case. Usually these cases are admitted but there is occasionally a case where a man actually went back to France, or was placed on a draft for France, and the pension doctors say, quite truthfully probably, that in the light of the subsequent medical history it is apparent there must have been disability still there. In this section they are not given any discretion, and then if the widow marries afterwards she is not pensionable; she must be married before.

By the Chairman:

Q. I think in this connection there is one famous type case, is there not, in Winnipeg?—A. There is one case, yes.

Q. Can you give the particulars of that case to the Committee?—A. This man enlisted first of all with the Imperial forces and he broke down with a chest condition and was discharged. Subsequently he re-enlisted with the Canadian forces, went overseas to France and broke down again with a chest condition, came back and had treatment, was re-examined and placed on a draft for France and then married.

Q. As I remember that particular case, did he not take the trouble to go to the Medical Officer and ask him if the chest condition was still existent before he asked the permission of the authorities to get married?—A. I believe he did. At any rate, he passed the Board, and did in fact go back to France, having been married. His service showed conspicuous gallantry in France. He was again taken ill with his chest condition, returned to England, was later discharged and died. The pension doctors were probably quite truthful when they said that the disability must have been there when he went back to France, but there was some oversight on the part of the Examining Board for France, and the fact remains that he got to France. In the meantime that amendment came out before his death, and under the amendment of 1920, where there is no mention of a return to France, the widow was definitely ineligible for pension. She has been granted a pension under the meritorious clause, but she has not got that pension as a matter of right; any cheque she receives may be her last one.

Mr. ADSHEAD: Does this improvement of yours make possible the pension to the widow in that case?—A. If this suggestion of ours went through, the Board of Pension Commissioners would immediately accept that widow's pension as of right instead of on compassionate grounds as provided by the meritorious clause. There are isolated cases here and there; there are one or two men who passed the draft board, but for some reason did not go to France, although they complied with the physical qualifications. I have nothing more to say on that.

The CHAIRMAN: Is that point quite clear to the committee? I think the case cited was discussed fully in the House of Commons two or three days ago, if I remember rightly, and as a result of that discussion, a compassionate allowance was made.

[Mr. F. L. Barrow.]

Mr. ADSHEAD: This places it beyond a compassionate allowance stage. If a soldier has a disability and marries with that disability, and dies afterwards as a result of that disability, his widow is not eligible for a pension, and this clause would make it so that she would be entitled to receive a pension.

The WITNESS: No, this only covers the odd case where a man went back to France; it was in the original Act.

Mr. ADSHEAD: You are assuming that a man marries with no disability showing, and then that marriage shortens his life or hastens his death.

Mr. SPEAKMAN: No, I think you do not quite get the proper assumption. I think the assumption is that if a woman marries a man after disability, knowing that disability exists, she is debarred from a pension. In order to avoid in this country the condition which arose in the United States, this is to cover the case of a man whose disability has apparently disappeared, and who marries in good faith, believing his disability is gone, but it reappears, and under the terms of the Act and the interpretation placed upon the Act, the fact that this woman marries after the disability first made its appearance debars her from a pension, although she married in good faith after the disability had apparently disappeared.

Mr. MCPHERSON: If the military authorities considered that a man was fit to go back to war, I should think his wife would have the right to believe that the disability had disappeared.

Mr. SANDERSON: But this does cover a case of a man who returned from France, and then married?

The WITNESS: Yes; if he was discharged from the army on pension; he is examined and found to be fit and pension discontinued and then marries—there again the woman is put in a position of supposing her husband has the normal expectancy of life. There are a number of cases like that which come under the general act now in force; there are only a very few isolated cases which would come under the re-embodiment of the act.

By Mr. McGibbon:

Q. Are they mostly chest cases?—A. Heart cases—the obscure diseases, of course.

The CHAIRMAN: The broad question of the granting of a pension to a widow who married after the appearance of disability is dealt with under section 32 of the Act. Item 22 of the suggestions of the Legion covers this matter very fully. I may say that this is a question which has been discussed time and again in the House. The Act has been amended four times in an endeavour to broaden it so as to give a better opportunity for widows who come under this category to obtain pension, and as a rule these amendments have been turned down either by the House or by another House. That will be taken up under section 22.

The WITNESS: Shall we go to suggestion 2? We are asking that section 2, subsection (b) be extended to provide that any member of the force who has made application for treatment or on whose behalf application for treatment has been made, or any member of the forces whose military medical documentations bears the entry of an injury or disease, or who has been granted vocational training because of service disability, shall be deemed to be an "applicant".

The present definition of an applicant is: "Any person who has made an application for a pension, or any person on whose behalf an application for a pension has been made, or any member of the forces in whom disability is

[Mr. F. L. Barrow.]

shown to have existed at the time of his retirement or discharge, or at the time of the completion of treatment or training by the Department of Soldiers' Civil Re-establishment."

Frequently we have found that a man goes into a Unit office, and says he is sick; he is probably examined, and possibly turned down, although an entry is kept; or he goes into the Unit Office and asks for vocational training. In the olden days; he was asked "Are you a pensioner?"; he says "No"; then they tell him "You are not eligible". Then he goes out of the office and does not think to apply for a pension; he is not asked whether he has a disabled condition; he was not given much guidance as to what he should ask for.

These definitions come into value when determining the effective date of the awarding of pensions. As you probably know, the Act provides that where a man is discharged as fit—I am not quoting the Act—the pension shall be granted from the date upon which he makes application for his pension, or, in the discretion of the Board, six months prior thereto. There are quite a number of cases where a man was discharged from the army, as fit, in 1919. In 1920 he applied for treatment; perhaps he received treatment temporarily, and appeared to be cured. He may have had a bad attack of rheumatism; was given brief treatment; social relationship was permitted, and he is declared cured. He does not make application for a pension until 1927, when he goes into the Unit Office and complains of sickness, or perhaps asks for vocational training. The pension, if granted, would only be granted from the date upon which he makes application therefor. I do not think the Board of Pension Commissioners have much discretion there. The present section says: "Applicant" means any person who has made application for a pension.

By Mr. McGibbon:

Q. What would be the effect of your amendment?—A. If a man has been sick in some slight degree for perhaps two or three years previous to his making the actual application for a pension, provided he has reported to the Unit Office, we think he should be allowed a pension as from the date of the beginning of his illness.

Mr. HEPBURN: In other words, that the application for treatment, or the application for vocational training, shall be considered as an application for pension?

The WITNESS: Yes. A man finds he is not able to carry on in his occupation. He goes down to the Unit Office, and asks for training; he is refused, because he is not a pensioner. He does not realize that he should make application for a pension until three or four years later, when he becomes in bad shape; he then makes application for a pension, which is awarded—

Mr. MCGIBBON: You think he should be paid for three or four years back?

The WITNESS: He has not been compensated for the disease which the Board would admit was present.

Mr. ARTHURS: Clause (b) says: "Applicant for treatment". You do not say one word about "war service" or "war disability" or "diseases resulting from war service". This means, as it is drafted, that anybody can come along—

The WITNESS: No, sir; the applicant must be under treatment on the diagnosis or symptoms of that condition for which pension is asked.

Mr. ROSS (Kingston): You have not stated that.

The CHAIRMAN: I am informed that the Department has brought in a clause covering that situation, using the words. "Where the applicant's documentation during service and after treatment shows he is suffering from some disability

[Mr. F. L. Barrow.]

which relates in any way to the disability for which he is claiming pension." That is not the exact wording, but it is the gist of the proposed clause.

Mr. MCGIBBON: That is entirely different. Which is it?

The CHAIRMAN: We will meet that when we come to it.

The WITNESS: We are very pleased to know that that has been covered.

Mr. BLACK (Yukon): If you suggest that we cut out the time limit altogether in which an application can be made, why cannot you eliminate these distinguishing clauses, that an applicant for treatment must do so and so? If you open the door wide to let them apply as long as they live, why is it necessary to include the others.

Mr. SPEAKMAN: It is a case there of retroaction.

Mr. BLACK (Yukon): We must assume that the application for a pension is because of a disability due to war service.

The WITNESS: Quite so. Attributability has been established. Briefly, what we are asking for is this principle, that the pension shall be awarded from the date upon which the evidence shows the disabling condition was present to the satisfaction of the medical officer of the Board of Pension Commissioners.

Now, section 13, in connection with Captain Black's point, has a proviso which, if section 13 is deleted, will also be deleted. This reads:

(i) that where there is an entry in the service or medical documents of the member of the forces by or in respect of whom pension is being claimed showing the existence of an injury or disease which has contributed to the disability in respect of which pension is claimed, such entry shall be considered an application as of the date thereof for pension in respect of such disability;

The amendment we suggested to 2 (b) brings this principle well into line with the proviso at the present time contained in section 13.

The CHAIRMAN: It covers at the present time only a small number of cases, whereas you suggest it be made to cover the whole range of applications for pension?

The WITNESS: If a man has a post discharge official medical history of a condition for which a pension is later conceded.

Mr. ARTHURS: In that event it would be necessary to make some changes in the wording of this section.

The WITNESS: That is not the wording of subsection 2 (b), because it provides for a person who has made an application for a pension or upon whose behalf an application for a pension has been made. That, of course, must remain out.

Sir EUGENE FISFT: Do you not think it would be advisable to wait until you have that same clause of the bill dealing with such matters, before we discuss it? It seems to me the discussion that has taken place to-day bears on the proposed amendments to this famous bill.

The CHAIRMAN: In any case it makes clear to the members of the committee just what the suggestions of the Legion are, and the committee will be in a better position to judge as to whether or not the department's recommendations meet these suggestions.

Sir EUGENE FISET: What I meant was that if you can tell us what is going on, or if there is any such proviso in the new bill, it is no use of our going on with a prolonged discussion here as long as we are aware of the views of the Legion.

[Mr. F. L. Barrow.]

The CHAIRMAN: I cannot tell you all about the new bill, but I believe all the members of the committee will have this new bill before them very shortly. We will pass on to the next item.

The WITNESS: Proposal No. 3: there is no cost attached to this proposal. We are simply asking that the decision of the Board of Pension Commissioners shall contain slightly more information than is required by the act. What we are asking for now—and I do not remember of any difficulty in getting the information—is to have this made statutory, particularly as regards the similar section of the Act in connection with the Federal Appeal Board, which has this provision in it.

The CHAIRMAN: It is merely a matter of administration and the keeping of documents by the Board of Pension Commissioners.

The WITNESS: We ask that clauses (b) and (c) of section 3, subsection (8) be replaced by clauses providing for (1) The medical classification of the injury or disease causing the disability in respect of which the application has been made. (2) The medical classification of the injury or disease in respect of which the application is allowed or disallowed as the case may be. (3) If the application is allowed or disallowed, whether the injury or disease resulting in disability was or was not attributable to, or was or was not incurred during military service, or pre-existed enlistment and was or was not aggravated during service. (4) In event of the Commission not being unanimous, the grounds on which a Commissioner disagrees with the decision reached.

I believe it is shown now, but we want it made statutory.

The CHAIRMAN: This is a matter of administration, and, without wishing to discuss it, I do not know that it is a good thing for a soldier to limit by statute just what should be on his medical history sheet, or on the decision of the Board of Pension Commissioners. If it be just limited to certain things, then the Board of Pension Commissioners will think it is their duty to give that information only. However, it is a question for the committee to decide as to what they think is best in this matter.

The WITNESS: There was a case where a man appealed on the grounds of abdominal adhesions. Now, abdominal adhesions is not a primary disease; it must be caused by something else. The Federal Appeal Board ruled out the abdominal adhesions, and by so doing they ruled out every disease which could have caused them. It was an oversight on the description or medical classification of the injury or disease. The case was eventually admitted by the Board of Pension Commissioners, but before doing so the Board had to indicate what the condition was causing the abdominal adhesions.

The CHAIRMAN: The point I wish to make is that in case of an appeal, as the Act stands at the present time, is it not obligatory on the Board of Pension Commissioners to explain fully why the pension was refused?

The WITNESS: It is not entirely statutory. I believe they do that as a practice, but all they are required to give is the name of the commissioner dealing with the case, the ground upon which the pension was awarded or refused, in the event of the Commission not being unanimous, to mention the ground upon which the Commissioner disagreed with the decision reached. It does not mention the injury or the disease upon which decision is given, and it is a primary principle of pensions that a man is entitled to an application to the appeal board on every disease or injury which may arise.

The CHAIRMAN: I should think the Federal Appeal Board could simply summon the secretary of the Pension Board as a witness and ask them why the pension was refused. That would clean up the matter much more rapidly and efficiently than by notation on a document that it was refused on certain medical grounds.

[Mr. F. L. Barrow.]

Mr. SANDERSON: Do not the Board of Pension Commissioners send their finding to the appeal board, in the case of an appeal?—A. Yes. It is the present practice of the Board, and it is just what we are asking for.

Mr. ADSHEAD: You want it made statutory?

The WITNESS: Yes.

Mr. MCPHERSON: Is not the point raised by the Chairman worth consideration from your standpoint as to the advisability of not binding the Board?

Sir EUGENE Fiset: You bind the Pension Board and the Appeal Board this way.

Mr. SPEAKMAN: Are not the limitations already expressed?

Mr. MCPHERSON: No. Clause (b) would look as if, under that clause, you could ask for anything in the way of information.

Mr. BLACK (Yukon): It might be very brief; it might simply say "disability; no pension".

The WITNESS: Yes, or "disability post-discharge", although it is the practice at the present time. This would enable the man or his representative to know just what his injury or disease is in case he wants to consult an outside medical practitioner. If he does that the practitioner is rather at a loss to know how to give advice unless he knows definitely the diagnosis upon which the man is trying to base his claim.

The CHAIRMAN: I cannot conceive that the Board of Pension Commissioners would refuse a bona fide application from a man to classify the disease from which he thinks he is suffering.

The WITNESS: I do not think they do that.

Mr. Ross (Kingston): No, they do not do that. The man must have made his application on account of some disability; it does not matter whether it is bronchitis or something else, and the Board of Pension Commissioners give their decision on that, which is the original application. Whether you want them to go farther and give reason for disallowing that claim is another matter. I cannot understand just what the point is.

The CHAIRMAN: They do not ask for reasons; they simply ask for a medical classification of the injury or disease.

Mr. Ross (Kingston): Yes, or "Post discharge". In any event the disability is named in the application, and the Board's reply is in regard to that. I can quite understand why they would not take in abdominal adhesions for the reason that if they performed an operation, and as a result of that operation the patient developed abdominal adhesions, they would say they are not responsible for that.

Mr. ARTHURS: It may be true that they state the cause, but for a number of years they went along without giving any reasons.

The WITNESS: Since the inception of the Appeal Board, I think it is always stated.

Mr. MCGIBBON: There is not much to be gained by this. A man can carry his case to the Board of Appeal, and the Board of Pension Commissioners have to produce the record there.

The WITNESS: In the meantime the man may want to see another doctor.

Mr. MCGIBBON: They want to use the brains of the Board of Pension Commissioners.

Sir EUGENE Fiset: No, they want to use the evidence produced before either the Board of Pension Commissioners or the Appeal Board. I do not think this clause should be in the Act at all.

Mr. ADSHEAD: Why has a soldier not the right to know what is the matter with him?

The CHAIRMAN: The soldier does know; he is fully informed. At first view, I see no reason why we should clutter up the statute with a lot of questions of procedure, because I do not think the Board of Pension Commissioners would refuse to give to any man a statement of the disability or the lack of disability.

Mr. MCGIBBON: They would not dare to.

Mr. MCPHERSON: I am afraid if we put this in they would say that the House has given the details which must be submitted, and that is all they would put in.

Mr. MCGIBBON: Did they ever refuse to do it? Do you know of any case where it was refused?

The WITNESS: No, but in some of the old cases it was not stated.

Mr. MCGIBBON: That may be true, but it only takes a two cent stamp to ask for it, and they could easily ask for it.

Sir EUGENE Fiset: Yes, doctor, before the Board of Appeal.

Mr. MCGIBBON: Before the Board of Appeal. If there is some reason for it—

The WITNESS: There is a possibility, such as in the case I cited—

Mr. MCGIBBON: I am asking you if you know of any case where it was ever refused?

The WITNESS: They have not refused me.

The CHAIRMAN: We will hear the Chairman of the Board of Pension Commissioners, and he will tell us whether there is any practical administrative objection to this.

Mr. HEPBURN: I was going to ask whether the object of this clause is to enable the appellant to get evidence controverting the judgment of the Appeal Board, and to tie the Board of Pension Commissioners down to a definite diagnosis of his condition, according to their opinion.

The WITNESS: The object of the suggestion is to ensure that the man, or his representative, will know exactly what the disability is, which is under consideration.

Mr. HEPBURN: The Board of Pension Commissioners' view of what the disability is?

The WITNESS: Yes; from a lay point of view his claim can only be regarded as a question of mechanics, and over a period of time one picks up some idea of anatomical mechanics, and one must know exactly what the injury or the disease is which is being considered.

Mr. HEPBURN: It might be better to have a general provision, such as we have now, giving the grounds upon which the pension is awarded or refused. That is a much wider term than the one you now seek to have included.

The WITNESS: We have no quarrel with the present practice; this information is always readily given by the Board of Pension Commissioners.

Mr. MCPHERSON: I would suggest that you leave it alone, because you may tie your own hands.

Mr. HEPBURN: Yes, by particularizing, you may tie your own hands now.

Sir EUGENE Fiset: I think it is because you have tied yourself down tight in this Act that this committee is asked to untie this knot, and solve this Chinese puzzle.

The CHAIRMAN: I am informed that suggestion 19 follows in logical sequence with what Mr. Barrow has been saying, and that Mr. Bowler has some information to give to the committee.

[Mr. F. L. Barrow.]

Mr. BOWLER: Mr. Chairman and gentlemen: this recommendation has to do with the question of retroactive awards of pensions, and that in turn has to do in many cases with the date of application. Therefore, it really follows what Mr. Barrow has been saying. The suggestion reads:

19. That section 27, subsection (b) be deleted and provision made for payment of pension in accordance with the extent of the disability shown to have existed during the post-discharge period.

The present Act reads as follows:

27. Pensions awarded for disabilities shall be paid from the day following that upon which the applicant was retired or discharged from the forces except

(a) in the case of a member of the forces passed immediately on retirement or discharge under the jurisdiction of the Department of Soldiers' Civil Re-establishment for treatment or training which prevents him from obtaining or continuing employment, in which case the pension shall be paid from the day following that upon which the treatment or training of such member of the forces by the Department of Soldiers' Civil Re-establishment is completed;

(b) in the case in which a pension is awarded to an applicant the appearance of whose disability was subsequent to his retirement or discharge from the forces, in which case a pension may be paid from a date six months prior to the day upon which application for pension has been received or from the date of the appearance of the disability whichever is the later date;

Now, it is generally known that when a pension is awarded for the first time some years after discharge, it may be made retroactive to the date of discharge. It is equally true that in a great many cases pensions are awarded from the date of application. In other words two men may come along in 1928; they may both establish that their disability related to service; one gets his retroactivated to the date of discharge; the other from the date of his application—or six months prior thereto. You can readily understand, I think, how that might create a great deal of dissatisfaction.

Mr. SANDERSON: In the majority of cases it is from the date of their application, I think.

Mr. BOWLER: This has been threshed out very thoroughly by the Board of Pension Commissioners, and I think they will agree, if they are asked, that the policy as now laid down, is as follows—they draw a distinction between a man's condition and the disability resulting from his condition, and they say that if they can be shown that a man had a disability to an assessable degree, and that disability existed at the time of his discharge, then section 27 comes into play at once, and he will get a pension from the day following his discharge from the forces. If you cannot show the existence of an assessable degree of disability at the date of discharge, then it does not matter how soon after discharge you can show it, or how long after discharge it has been in existence. You can only get it from the date of application, or six months prior thereto. It works out very unfairly. As a matter of fact, it gives the man who did not reach France a great advantage in the matter of retroactive pension. Take the man who has only served in England and is awarded a pension for aggravation. He has no difficulty at all in convincing the Board of Pension Commissioners that he had a disability at the date of discharge; he must have had it, otherwise how could it have been aggravated? That is the point, he must have had it at the time he went in, and at the time he came out; therefore he can automatically get his pension dated back to the date of discharge. But

take the man who has been to France, and was discharged in the demobilization in 1919. As everyone knows, the Medical Board was more of a parade than anything else, and he cannot prove that he had an assessable degree of disability at the date of discharge, and he is given it only from the date of his application. It is most unfair in many ways, because these men say, and I think they are perfectly right in saying it, "This man did not have anything like as much service as I had; I have got the same disability that he has got"—it may be that that man has it worse than the other man—"he can get it back to the date of discharge whereas I cannot. What is the reason for that?" We submit, Mr. Chairman, that that discrimination, because that is really what it is in effect, should be done away with, and that the same rule should be applied to both cases, and that pensions shall be paid in accordance with the extent of disability which can be shown to have existed during the post discharge period, irrespective of where it starts.

By Sir Eugene Fiset:

Q. Of course you realize it is a most expensive proposal that is before this Committee at the present time?—A. I believe that, sir. I understand this has something to do with the increase of the Pension Bill.

Mr. HEPBURN: How will this affect the settlements that have already been made?

Sir EUGENE Fiset: They will all be reconsidered again.

The WITNESS: No.

Mr. MCPHERSON: They will in the other case.

Mr. HEPBURN: If they feel that they have not been fairly dealt with, they certainly will want their cases reopened.

The WITNESS: It won't affect the settlements that have been made.

The CHAIRMAN: Will that cover the case of a man who is now drawing pension at a disability rate of forty-five per cent, and after ten years' silence it is discovered it is seventy-five per cent; will he be entitled to ask a pension at the rate of seventy-five per cent disability and have it made retroactive to the date of his discharge?

Sir EUGENE Fiset: They are rejecting these cases in accordance with this at the present time.

The CHAIRMAN: I think this clause would about cover such a case as that.

Mr. ARTHURS: There are many cases where a man's medical discharge papers show thirty per cent disability, not pensionable, and he does not receive a pension. If this clause carries this man will get a pension right back, according to the degree of his disability.

By Mr. MacLaren:

Q. This will involve the reviewing of the cases where the pension only dates from the date of the pension being granted?—A. Yes.

Mr. ADSHEAD: If the disability did occur at the war, and was a pensionable case, and if he has not been pensioned, there is no reason why he should not get it.

Mr. MACLAREN: I am asking what it would involve.

Sir EUGENE Fiset: I think it would add one-third to the cost of the present pensions. I have no hesitation whatever in stating that I have known of cases where pension has been granted within a year and a half, and retroactive payment has been made on the basis of seventy-five per cent, and back payments have been made for three, four, and five years back. They are doing that at the present time for a man who has served in France.

[Mr. F. L. Barrow.]

If you are going to accept this proposal here you may be sure that, at the very least, it will add one-third to your pension bill. One-third of your cases will have to be reviewed, and tremendous costs will be involved.

Mr. ADSHEAD: Do you mean to say that one-third of the cases have not been dealt with rightly?

Sir EUGENE Fiset: No, I am not prepared to say that; they are dealt with according to that proviso.

Mr. McGIBBON: It will be necessary to submit medical evidence for ten years back; it is not on the record and how are you going to get it?

Mr. BARROW: May I say this? We have men who come along now with a disability of perhaps around twenty or thirty per cent, we will say from rheumatism. They were discharged fit in 1919 and they have to prove their case. It is nine years since they were discharged, and they have to get pretty good evidence before it is admitted.

Mr. McGIBBON: But you have to get evidence back for ten years?

Mr. BARROW: Yes, and it is done. We find men time after time who, in 1920, were taken sick with their present disability, with rheumatism, we will say. They went to a private doctor and stayed under treatment month after month, intermittent treatment, and paid the fee with some feeling that a pension was charity and they would try to get along on their own. They held up for seven or eight years, and when they come along now and they have indisputable evidence, the Pension Board would be the first to admit that it was satisfactory, showing that they had rheumatism. If they did not admit that, the men would not be on pension at all.

Sir EUGENE Fiset: Take the case of a man who served in France; he could not possibly, during his active service in France, collect the necessary medical evidence to furnish the Board on this disability of his dating from the time he served overseas. How is he going to prove it?

Mr. BARROW: He will not be able to get that pension at all if there is no service medical entry that he can produce.

Sir EUGENE Fiset: But he is a pensioner with his pension dated from the date of his application.

Mr. BARROW: If his application has been recent, he will have to put in some evidence of post discharge continuity of symptoms.

Mr. McGIBBON: Is there not some other way in which you can take care of the case you spoke of without opening up such an enormous question?

Mr. BOWLER: I am inclined to think, when it works out in practice, it won't be so enormous. The Chairman suggested, unless I misunderstood him, that if a man were awarded seventy-five per cent pension to-day, and then this recommendation of our's went through, he would get seventy-five per cent dated back to the date of discharge. That is absolutely incorrect; we are not asking for that at all. We are asking that, from the information they have, they shall make an estimate of his disability for the post discharge period. It may be that the disability did not appear for three years after he was discharged, in which case three years after discharge would be the date of the commencement of his pension.

Mr. McGIBBON: That is not the way it was presented at first.

Mr. BOWLER: Yes, sir, I think it is.

Mr. McGIBBON: They went back to the date of discharge.

Mr. BOWLER: No, that was in explanation as to the practice. What we are asking for is that the pension shall be paid in accordance with the extent of disability existing during the post discharge period.

The CHAIRMAN: In your explanation of this suggestion you say that this proposal would enable the Pension Commissioners to award pensions from the date upon which the presence of the disability is definitely shown by evidence.

Mr. BOWLER: That is it.

Mr. THORSON: In other words, you shall pay the soldier for the disability he sustained during the period he was under disability?

Mr. BOWLER: You are really not spending any more money than you would have done if that man had come along when he was entitled to come, at the time the disability first appeared.

Mr. BARROW: It would cost more, for in addition to the pension which would be given him, he would also have treatment.

Mr. MCGIBBON: You will have tens of thousands digging up evidence for the past ten years.

Mr. SANDERSON: It would be re-opening all the cases which are supposed to have been settled.

Mr. BOWLER: I have had some knowledge of the Legion's work, and prior to that of the Great War Veterans' work, for some years. It has never been my policy, and I do not think it has been the policy of any association I know of, to try and insist on retroactive claims. We have always taken the point of view that if a man gets his pension established he has got insurance for the future. This is a situation that has been thrust upon us, as it is being thrust upon you, and it has got to be met. Due to what is only a technical interpretation of the Act, the man who did not see service in France is receiving more favourable consideration than the man who did see service in France. That is absolutely true. The man who did not get to France has got something on his documents showing why he did not get to France, and he has no difficulty in showing that he had a disability existing at the date of discharge.

Sir EUGENE Fiset: He has a continuous medical sheet.

Mr. BOWLER: The Pension Board say that there must be disability at the time of discharge.

Mr. MACLAREN: What is the relative proportion of the two cases, those receiving pensions dating from the date of discharge and those receiving pensions dating from the finding of the Pension Board?

Sir EUGENE Fiset: I am quite sure that you could obtain from the Pension Board, or the Appeal Board, the approximate number of those three classifications that you have at the present time. I think that they could give you the number of pensioners that have been pensioned on application; the number that have been pensioned on discharge; and the number that have received retroactive treatment.

Mr. BOWLER: I could not give you any idea of the number. On claims that come in to me and are established as being pensionable, I find that retroaction is granted very often in cases of men who did not go to France, more so than in cases of men who did, which is very unjust. I can cite you two extremes, and I can give you the names if you want them. One man served less than a year, certainly not more than a year, in Camp Hughes. He was discharged as medically unfit. For some reason or other no pension action was taken at the time of his discharge. He came along in 1925 and he applied for a pension. Apparently his documents must have shown exactly the disability that he had, because he had no difficulty in getting it. He got an award of sixty per cent, with forty per cent retroactive to date of discharge. As he was discharged in 1917 he had eight years' retroaction, and as he was a man with a family it ran to something like three thousand dollars. I have the case of another man, and I can quote you the name and number. He had an excellent service in France and came along somewhere in 1925 or 1926 with the vision in

(Mr. F. L. Barrow.)

one of his eyes completely gone. He claimed that it was a war disability, and he was able to establish that it was, and the Pension Board was satisfied that it was. He was also able to show that he had spent something over two thousand dollars of his own money on private medical attention, and it was only when he came to the end of his resources that he made application to the Board of Pension Commissioners. He was not the type of man who would come unless he had to. The Pension Board said that this man did not have an assessable degree of disability at the time of discharge; therefore he only got his pension from the date of his application, in spite of the fact there was ample proof that he had disability going back over the other years. He only gets it from somewhere in 1925. This was a man with excellent service, and I challenge anyone here, or anyone in any responsible position, to justify the action in these two cases. I do not know how you are going to reconcile them unless you put your man with good service on the same basis as the other.

Sir EUGENE Fiset: Is that the decision of the Pension Board itself?

Mr. BOWLER: Yes, sir.

Sir EUGENE Fiset: Was it appealed?

Mr. BOWLER: There is no appeal on that.

Sir EUGENE Fiset: That is exactly what I am coming at; there is no appeal on the assessment. I think the only way it could possibly be dealt with, in view of the tremendous scope of this proposal, would be to allow appeal.

Mr. THORSON: That opens up the whole question of the jurisdiction of the Federal Appeal Board.

The CHAIRMAN: There is another principle involved here. Pensions were awarded originally on the principle that the returned soldier should be placed in a position to earn his living. If his earning capacity in the common labour market—I think that was the principle established—a pick and shovel man—was diminished by ten per cent then he got a ten per cent pension. I think it is the practice of the Board of Pension Commissioners that if it has been established that a man was seventy per cent incapable of earning a living during that period, his pension should be retroactive; if he were not seventy per cent incapable, his pension would only date from the time he became incapable. I think that is the principle upon which you should act, and not the principle of rewarding a man because he was ill and paid out two thousand dollars of his own money.

Mr. BOWLER: There can only be one principle, and that is: compensation for disability during the post discharge period.

Mr. MCGIBBON: I think a question like that could possibly be dealt with better, and justice done in another way, rather than by opening up such an enormous field. It appears to me that there would be tens of thousands of people going back and trying to dig up medical evidence for the last five or ten years.

Sir EUGENE Fiset: Would it not be better to discuss this question when the question of the powers of the Appeal Board are dealt with by this Committee?

The CHAIRMAN: We want to allow the representatives of the Legion to make their suggestions quite clear to the Committee, even though we are perhaps discussing the matter more than we should. I think we should allow some latitude in order that it might be quite clear to us what is meant by this suggestion.

Mr. HEPBURN: If you make settlements on a retroactive basis, and there is a cash consideration of six, eight or ten thousand dollars, it will mean that legal experts will specialize on these particular cases, and it will involve corruption of all kinds.

[Mr. F. L. Barrow.]

Mr. BOWLER: A legal man cannot collect a bill unless it is approved by the Board of Pension Commissioners.

Mr. HEPBURN: In cases like this legal experts will appear and they will specialize on these cases.

The CHAIRMAN: Why mention the lawyers? The doctors will too.

Mr. ADSHEAD: That should not debar a soldier from getting justice.

Mr. MACLAREN: It will be a big question; let us have the figures first.

Mr. THORSON: I would suggest that we allow the representatives of the Legion to put in their case, and we can think it over when we see it on the record. If they have anything further to say in connection with this question, I would suggest that we hear from them.

The CHAIRMAN: It is close to the time of adjournment and I would suggest they explain this fully.

Mr. BOWLER: Just in regard to the suggestion that there should be an appeal; if that had been the practice in the first place, it would have been all right, but why should you grant those that have been granted—and when I say “you” I am talking about the State—and when another man comes along equally as deserving from that point of view, why should you make him appeal? Why should he not be treated on the same basis as the other chap?

Mr. BARROW: Unless you change the Act an assessment appeal will not meet the situation, because you definitely say in the Act that if the appearance of this disability was post discharge; in other words, and more simply, if the man was discharged fit, the pension could only be given from the date of application. The only assessment appeal that might have any bearing on it is the assessment as of the date of discharge, and it would be almost impossible to produce evidence for that. In any case that does not apply to the men who have no assessable disability at the date of discharge. We only ask for pension at the estimated rate from the date on which the evidence shows the assessable disability commenced.

Sir EUGENE Fiset: I mentioned the word “assessment” simply as one of the powers that we might give to the Appeal Board. We might give them the power to deal with the whole clause you have there, if necessary, but I think the proper court to deal with it would be the Appeal Board. I just mentioned assessment as an example.

Mr. BLACK (Yukon): The Appeal Board could not give them attention now.

Sir EUGENE Fiset: No, but we could give them the power if we made a recommendation. I mentioned the word “assessment” only as one of the contingencies that might come up.

Mr. ADSHEAD: Do you know of cases where soldiers were discharged fit, and afterwards had disabilities which proved to be due to war service and then got the whole of the pension from the date of discharge in 1919?

Mr. BARROW: Yes, sir. Those are cases where the Board of Pension Commissioners say, “The post discharge evidence that has been brought out is sufficient for us to base an opinion that the discharge board was in error, and that the man was in fact discharged unfit.”

Mr. ADSHEAD: Would that cover these cases?

Mr. BARROW: No. In those cases where the Pension Board says a man's discharge board is in error, they estimate all the way back. A man might get a shrapnel wound and a foreign body stay in his arm; there is no disability, it is not causing any trouble. Ten years later a tumor might form around the foreign body. That might be attributable to service and yet for ten years there would be no disability.

[Mr. F. L. Barrow.]

The CHAIRMAN: Your suggestion is that the pension should be made to cover all those ten years?

Mr. BARROW: No, from the date on which the disability appears.

Mr. BOWLER: From the date on which his disability appears, and in Mr. Barrow's case it would be the date he started to be disabled from that tumor.

Mr. THORSON: He is entitled to pension for the period he is under disability.

Mr. ILSLEY: This Section 27 (b) must have been very carefully considered at the time it was originally enacted. Are there any reasons on record for limiting the pension to a period beginning six months before the date of application?

Mr. THORSON: I would imagine that the addition of the six months; that the fixing of the date of pension to the time of application for pension, was for a certainty of time.

Mr. ILSLEY: It seems to me there is another principle which we should reject entirely, that is, the principle that there should be some penalization on a man for not applying properly. That principle applies in every other walk of life. A man must sue within six years, or he loses his debt. It seems to me that we must definitely make up our mind whether we are going to reject that principle entirely and make no time limit.

Mr. BOWLER: There never would have been any question raised on this section at all but for the discrimination which is so apparent when you compare cases.

Mr. SANDERSON: It is quite apparent.

The CHAIRMAN: The Act was amended in 1924.

Mr. ILSLEY: Changed to what it is now. Apparently if a man did not apply to the Medical Board, if he elected to proceed on his private means instead of going to the Board of Pension Commissioners, he could not be permitted to change his mind, such as in the case of the man you are speaking of; he appears to have changed his mind. He went to the Board of Pension Commissioners after a certain date and wanted a pension. Up to that time, due to self-respect, or some other motive, he relied on his private means. You are saying that we should say to that man, "although you elected not to go to the Board of Pension Commissioners, it is only fair that you should be paid", and you would have it run back for a period of years.

Mr. SANDERSON: You are speaking of the man that spent two thousand dollars?

Mr. ILSLEY: Yes.

Mr. SANDERSON: I would say he was almost forced to apply.

Mr. ILSLEY: I would not force any pension where it is not wanted.

Mr. McPHERSON: I understood one of these gentlemen to say that a man who had served in Canada and applied for a pension was in a more advantageous position than the man who served overseas.

The CHAIRMAN: That is on account of circumstances.

Mr. McPHERSON: Not under the law?

The CHAIRMAN: No.

Mr. McPHERSON: I thought it was Mr. Bowler who intimated it was under the law.

Mr. BOWLER: Yes.

Mr. McPHERSON: Where is the section in the law under which a Canadian soldier at home had a better right than the one overseas?

[Mr. F. L. Barrow.]

Mr. BLACK (Yukon): That is supposing he can prove that disability.

Mr. McPHERSON: Is it a condition under the law?

Mr. BOWLER: I say that a man who was discharged medically unfit in Canada, or England, without reaching France, is in a much better position to satisfy the interpretation placed by the Pension Board on this section than the man who served in France.

Mr. McPHERSON: But not because he has any better legal rights?

Mr. BOWLER: No.

Sir EUGENE Fiset: Because he has access to the doctors.

The CHAIRMAN: Any further questions on that suggestion 19 before we adjourn?

Mr. BOWLER: If we have any more material in regard to the problem I suppose we can put it in?

The CHAIRMAN: Quite right.

Sir EUGENE Fiset: Will the Legion obtain from the Board of Pension Commissioners the information wanted by the Committee?

The CHAIRMAN: I would suggest that at a later date we ask the members of the Board of Pension Commissioners to appear before us and we will deal then with each one of these suggestions.

Witnesses retired.

The Committee adjourned until Friday, February 24th, at 11 a.m.

FRIDAY, February 24, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock, a.m., the Chairman, Mr. C. G. Power, presiding.

S. NORMAN SAUNDERS, called and sworn.

By the Chairman:

Q. Would you make a statement to the Committee, Mr. Saunders, as the Secretary of the Canadian Legion at Victoria?—A. What I wish to draw to the attention of the Committee is the large number of disability cases that are going down to the coast. They are becoming a problem as to what is to be done with them. There are men of one hundred per cent disability who are receiving enough to live on, but when the 100 per cent disability cases come down to the coast at the suggestion of the department of S.C.R., or are sent down there by the S.C.R., owing to the extraordinary climatic conditions they improve by about 50 per cent. Their pension is cut in half and they are not getting enough to live on but are still unable to work. The question arises as to what is going to be done with them. Then again, there are a large number of men who proceed down to the coast on their own initiative, men with small disability. They are unable to work and it makes quite a drag on what funds are available for relief. The industrial situation on Vancouver Island is not on a par with the east, for instance, and consequently these people cannot be absorbed. I might state that the branch of the S.C.R. at Victoria has been in touch with Ottawa regarding this very problem, and, so far as the Canadian Legion of the British Empire Service League is concerned, we are constantly having applications for relief from men of small disability, which the funds of the Association cannot possibly meet. So far as the British Empire Service League is concerned down there, we have used every endeavor to place these men, or do something for them, but men of perhaps thirty or forty per cent disability cannot be absorbed into the labour market. They are receiving just enough pension to keep them alive.

The CHAIRMAN: I think the Committee understands the points brought to its notice by Mr. Saunders, and unless General Clark wishes to make some remarks I think we can let Mr. Saunders step down.

Mr. CLARK: I would just like to supplement Mr. Saunders' statement a little. If you look at the report of the D.S.C.R. you will find that Mr. Saunders' statement is verified by the figures. I think there are something over five thousand pensioners in British Columbia, and I think, apart from the province of Ontario, there are more there than in any other province of Canada. I think a great deal of it is due to the drifting of the fellows, particularly to Victoria. There is not an awful lot of work there for them to do; there is not a very great scope for them. In Vancouver I think the most outstanding soldiers' problem is what we are going to do with these chaps who are not drawing a pension at all but who are prematurely aged. We have a tremendous number of them.

[Mr. S. W. N. Saunders.]

The CHAIRMAN: I think the Committee has power to do a great many things, but I hardly think it can be asked to interfere with the blessings of a benign Providence which has endowed the province of British Columbia with a better climate than that of any other province in Canada.

By Mr. MacLaren:

Q. How many pensionable men have proceeded to British Columbia in the last five years for climatic reasons?

The WITNESS: Mr. Scammell, do you have a letter from Victoria covering that?

Mr. SCAMMELL: No.

The WITNESS: They are continually coming in all the time.

By the Chairman:

Q. The Department might know something about that.—A. I should think so.

Mr. Ross (Kingston): There was one thing mentioned by the witness which should be investigated. He said, "at the suggestion of the Department." Now then, has the department suggested that? If they have, they should pay the men's way there, and whenever they return, they should pay their way back again. They should do that if they have suggested that any pensioner should go to British Columbia. Is that a statement of fact, that the department has suggested it?

The CHAIRMAN: That is the statement.

Mr. McGIBBON: What we want now is remedies for these different things. Can the witness suggest any remedy?

The WITNESS: I could quote instances of members of our branch who were transferred from the prairies, for instance, men who have been receiving fifty per cent pension. I think the Committee will appreciate that that is not enough for them to live on.

Mr. McGIBBON: I do not think the witness got my question.

By the Chairman:

Q. A member of the Committee wishes to know if you have a remedy to suggest for this situation?—A. I am afraid it is up to the Government to suggest a remedy.

By Mr. McGibbon:

Q. You might give us a suggestion.—A. If this is going to continue, the only remedy that has been talked about down on the coast is the creation of some area where these men could be taken to be looked after. There would be a certain amount of work for them, something along the line that has been done in the Old Country. There are certain self-supporting farms in the Old Country, under government control, and they have absorbed a large number of men like that, who have now ceased to be a charge on the government. You see, in the cases I quote, the D.S.C.R. say to a man on the prairies with, say, fifty per cent disability, "you would be far better off in a better climate." They say, "the climatic conditions at the coast are not so severe and you might be in better health." The man saves up money to go down there. He arrives there, and, as I said, his fifty per cent pension is not enough for him to live on. He may have been farming before the war, and possibly living on a farm since the war, but farming conditions on the coast are entirely different to those on the prairie. There a man may have three or four hundred or a thousand acres; down on

[Mr. S. W. N. Saunders.]

the island he has more or less of a postage stamp farm. The conditions are entirely different, and he is not in position financially to adapt himself to them. And I could quote instances where, despite the fact that conditions on the prairies may be very favourable, they cannot very well sell their places.

By Mr. MacLaren:

Q. Have you any idea of the proportion of married men to single men that go out there in that way?—A. I should say that the single men who have no ties are dominant. Suppose he is a member of any ex-service association, he comes so far down and they help him out, and he gets down to Victoria. He cannot go any farther because his next stop would be the Orient.

The CHAIRMAN: These suggestions can be taken up, I think, more practically when we come to discuss the problem of After-care of soldiers who are not pensionable. At the present moment we are on pensions, and, with the permission of the Committee, I will thank Mr. Saunders for his suggestions, and we can hear one of the other witnesses.

Mr. THORSON: Mr. Chairman, can we pursue a little farther the suggestion made by Dr. McGibbon, as to the remedy that Mr. Saunders might suggest. Has he anything a little more concrete to suggest as a remedy for this state of affairs?

Mr. ADSHEAD: Colonization farms.

Mr. THORSON: If he would give us some more suggestions along that line.

The WITNESS: The problem is far more acute in Victoria and the vicinity than it is in Vancouver. General Clark will acknowledge that the climatic conditions are responsible for that. They had to shut up the golf courses in Vancouver this year, but they did not need to do that in Victoria.

Witness retired.

Mr. J. R. BOWLER, re-called.

The WITNESS: The Board of Pension Commissioners were asked for three things, if you remember, in regard to retroactive awards. Is it the desire of the Committee to go on with that, or to wait?

The CHAIRMAN: We had better wait.

Mr. MACLAREN: Before you leave that section in reference to its being retroactive, I can understand it applying to those that are living, but what about the estates of those that are dead?

Mr. BARROW: It would apply to the estates of those who are dead. I would like to make this clear again, if I may. In no case will the retroactive adjustment go back to the date of discharge. In the cases where there is a claim to the date of discharge, that is already accepted, because the only foundation would be that the man was unfit at the time of discharge although reported fit. The adjustments that would be made, if this is approved, would be confined entirely to post discharge appearance; in no case will the adjustment go back to the date of discharge.

By Mr. MacLaren:

Q. It will include provision for those living and the estates of those who are dead?—A. It would only be fair to include the estates of those who are dead.

By Mr. Thorson:

Q. May I ask one or two questions just to assist in clearing up the situation? As I understand it, the cases, in which there are any questions of retroactivity of pensions, are of two kinds? First of all, there are the cases in which

[Mr. J. R. Bowler.]

there is continuing disability right from the date of discharge which can be proved to the satisfaction of the Board of Pension Commissioners? That classification, perhaps, is divided into two parts? First of all, there is the soldier who is discharged as being physically unfit, and that fact appears on his documents; in that case his pension is retroactive to the date of discharge, no matter when he makes his application for pension. Is that correct?

Mr. BARROW: That is my understanding. Under the present law, providing he makes his application within the present statutory limits, and can establish by evidence post discharge continuity of symptoms and such other evidence as is required by the Board; when entitlement is admitted then adjustment is made under the present clause.

Sir EUGENE Fiset: For how many years does that go back? How long has this clause been applicable?

Mr. BOWLER: If there was a disability existing at the date of discharge, the pension will go back to that date.

Sir EUGENE Fiset: I am asking you for how many years this clause has been applicable.

Mr. THORSON: May I please continue along my line? Then there is a second class, as I understand, of cases continuing disability where there is nothing on a man's documents. According to a man's documents he is discharged as physically fit; then subsequently he makes an application for pension within the statutory period, and is able to prove conclusively to the satisfaction of the Board of Pension Commissioners that his disability dated back to the very date of his discharge. Then, no matter when he makes his application, provided he makes it within the statutory period, his pension is retroactive to the date of discharge.

Mr. BOWLER: If he proves there is disability resulting from his condition at the time he was discharged from the army.

Mr. THORSON: In both of these cases it does not make any difference when he makes his application for pension, provided he makes it within the statutory period.

Mr. BOWLER: That is true.

Mr. THORSON: In both cases the pension is retroactive to the date of discharge?

Mr. BOWLER: That is true.

Mr. THORSON: Then there is the second class of cases which are purely cases of post discharge disability, and the soldier is not able to prove that his disability dates back to the date of discharge. Supposing he is only able to prove that it dates back to, say, a month after discharge, and supposing he is able to prove that conclusively to the satisfaction of the Board of Pension Commissioners that disability post discharge dates back to a period very near his date of discharge, but not quite back to the date of discharge; in other words, there is a period during which there was no disability. In that case he is confined to pension dating from the date of his application?

Mr. BOWLER: That is correct.

Mr. THORSON: Although he can prove conclusively that his disability dates many years back, but not quite back to the date of discharge.

Mr. BOWLER: That is quite correct.

Mr. BARROW: When you speak of "disability" you mean "assessable disability."

Mr. THORSON: I mean a disability which is pensionable.

The CHAIRMAN: Attributable to service.

[Mr. J. R. Bowler.]

Mr. THORSON: Yes.

Mr. BARROW: The only exception to that is where the Board of Pension Commissioners feel that the earliest evidence is such that they can safely assume the discharge board to have been in error.

Mr. THORSON: Then the Board will declare that to be a continuing disability.

Mr. BARROW: That throws it into this first class, but I am assuming that there is no such state of affairs. It is in reality post discharge disability; that there has been an interval between the date of discharge and the appearance of the disability, during which he was perfectly physically fit.

Mr. BOWLER: Yes.

Mr. THORSON: Even though he can prove a disability extending years back, under the law as it stands now he is confined to a pension dating back to the date of application, or six months prior thereto.

Mr. BOWLER: Yes, that is true, and Mr. Thorson has made very clear the class of case with which we are dealing, or attempting to put before you.

Mr. THORSON: May I ask the witness to indicate the section of the Act which shows that state of the law in respect to these three classes of cases, so that we may have it on the record.

Mr. BOWLER: Section 27 of the revised Act, which reads as follows:—

Pensions awarded for disabilities shall be paid from the day following that upon which the applicant was retired or discharged from the forces, except—

Then it goes on with sub-section (a) which is not relevant to this question. Subsection (b) is the one which applies, and reads as follows:—

(b) in the case in which a pension is awarded to an applicant the appearance of whose disability was subsequent to his retirement or discharge from the forces, in which case a pension may be paid from a date six months prior to the day upon which application for pension has been received, or from the date of the appearance of the disability, whichever is the later date;

Mr. THORSON: That is, the entire law on the point I raised is found in section 27.

Mr. BOWLER: Yes.

Mr. ADSHEAD: Mr. Thorson, your contention is that a pension should really be from the date of disability?

Mr. THORSON: I am not making any contention; I am simply asking what the law is.

Mr. MACLAREN: That covers more than your suppositious case. You said "one month," and here you have six.

Mr. MCPHERSON: Mr. Thorson mentioned that if there was a lapse in the disability of one month after the date of discharge, that lapse would bring a man into the category which, whenever he proved his claim, would only give him a pension for six months prior to the date of his application.

Mr. THORSON: Quite. There seems to be a distinction drawn between cases of continuing disability dating back to the date of discharge and cases which are really cases of post discharge disability.

Mr. MCGIBBON: One approximating the other.

Mr. THORSON: There might be only a difference of a week or a month.

The CHAIRMAN: Or even only twenty-four hours.

Mr. THORSON: That is what I wanted to clear up.

[Mr. J. R. Bowler.]

Mr. BOWLER: If you have two men applying for pension; both have clear discharge boards—nothing on their documents; both succeed in proving their condition is related to service. One man is able to prove he has a disability at the time he was discharged, he gets his pension back to the date of discharge. The other man is only able to prove that his disability dates from a month after he was discharged; that man only gets his pension from the date of his application, or six months prior thereto. That is where the discrimination comes in.

Sir EUGENE Fiset: Unless the Board of Pension Commissioners decide that it comes under clause (a) and make him a full pensioner. That is what you stated a moment ago. It seems to be a new rule applied by the Board which is not in accordance with your own statement, notwithstanding how the law is at the present time. You said the Board of Pension Commissioners, if they admitted the evidence submitted before their Board was wrong, in the past, could adjust the pension to the date of discharge.

Mr. BOWLER: They say they can not.

Sir EUGENE Fiset: You have misled us from the beginning in regard to that. I clearly understood that.

Mr. BOWLER: I am sorry if I did that, Sir Eugene.

Mr. BARROW: Even if a man is discharged as physically fit, if the evidence which he submits now shows that the symptoms of condition twenty-four hours after discharge were so pronounced that the official board must have been in error, then they assume, in the medical opinion, that he was discharged unfit, and then he comes under that first class mentioned by Mr. Thorson.

Mr. THORSON: In other words, they find as a fact that it is not a case of post-discharge disability but a case of continuing disability.

Mr. BOWLER: True, and they allow retroaction in those cases. If they cannot find that as a fact, then they say that under the statute they have no alternative.

Mr. ADSHEAD: But there is a case of discrimination. If two men make application to-day, perhaps the disability of one occurred a year ago, while another man proves his disability occurred five years ago. They both get the same consideration for pension, when one man has suffered from his disability three or four years longer than the other.

Mr. McPHERSON: I suggest that we know the troubles under item 19. Let us go on with something else.

Mr. BOWLER: Now, section 5, or rather suggestion 5, reads:—

That in the event of the acceptance of proposal No. 4, section 11, subsection 1 (c) be amended to make it consistent therewith.

Proposal No. 4 had to do with the claim of a widow where death of a soldier results from a condition aggravated by service. The suggested amendment is merely formal to make the whole section consistent. There is nothing contentious about it.

No. 6 is the proposal:—

That Headquarters' Service Bureau of the Canadian Legion of the British Empire Service League shall be notified and given a reasonable opportunity to report prior to suspension of pension for failure by the pensioner to submit the statutory declaration required by section 11, subsection (3) of the Pension Act.

The failure of a pensioner to furnish a statutory declaration is often a matter beyond his control and the Legion offers an independent means of approach to the pensioner in the correction of the situation.

Mr. THORSON: Is that not a matter of departmental regulation?

[Mr. J. R. Bowler.]

The CHAIRMAN: There is something in the Act about it.

Mr. BOWLER: I was going to say that we discussed that yesterday, and we decided perhaps that we could make arrangements direct with the Board of Pension Commissioners or the department.

The CHAIRMAN: Is the suggestion dropped?

Mr. BOWLER: As far as this committee is concerned, yes.

Now, Mr. Chairman, we come to section 12, which is suggestion No. 7. That is a suggestion that has always caused considerable controversy, and I suppose always will.

Suggestion No. 7 reads as follows:—

That section 12, subsection (c), be amended so as to provide that, where entitlement to pension has been admitted in the case of venereal disease contracted prior to enlistment and aggravated during service, pension shall be continued in accordance with the degree of disability present from time to time.

The present practice is to award pension for the entire degree of disability present upon date of discharge, which rate remains stationary. The present proposal will not reveal any new applicants, but is intended to give compensation to a man whose health is admitted to have deteriorated by reason of active service conditions.

Now, the provision as it stands at present is as follows:—

12. A pension shall not be awarded when the death or disability of the member of the forces was due to improper conduct as herein defined: Provided

- (a) that the Commission may, when the applicant is in a dependent condition, award such pension as it deems fit in the circumstances;
- (b) that the provisions of this section shall not apply when the death of the member of the forces concerned has occurred on service prior to the first day of September, one thousand nine hundred and nineteen;
- (c) that in the case of venereal disease contracted prior to enlistment, and aggravated during service, pension shall be awarded for the total disability at the time of discharge in all cases where the member of the forces saw service in a theatre of actual war, but no increase in disability after discharge shall be pensionable. 1925, c. 49, s. 2.

That is the law and the practice.

The CHAIRMAN: That is quite clear. Only under certain circumstances are pensions awarded for venereal diseases; they award the pensions for disabilities from which the man suffered at the time of discharge.

Mr. THORSON: Provided he served in the actual theatre of war.

Mr. CLARK: How many men are affected, Mr. Chairman?

The CHAIRMAN: Perhaps Mr. Scammell could tell us if there were a large number of such cases.

Mr. SCAMMELL: I think there were.

Mr. MCGIBBON: What percentage of disability would it be, on the average—that is, the average aggravation?

Mr. SCAMMELL: That would be pretty difficult to say, Doctor McGibbon. In most of these cases, the disability is an increasing one after discharge, and the point Mr. Bowler is making is that the pensions should be commensurate with the disability as it increases.

[Mr. J. R. Bowler.]

Mr. McGIBBON: They get the treatment, do they not? It is a curable disease, to a large extent, so it brings up the point that if a man refuses treatment for a disease which is curable, will you pension him for his disobedience.

The CHAIRMAN: That is provided for in the Act, what they call "unreasonable refusal of treatment."

Mr. McPHERSON: This amendment will eliminate that?

Mr. BOWLER: We are not introducing the question of refusing treatment.

Mr. McPHERSON: You are suggesting that a man given a discharge for disability from venereal diseases be given an increased pension, if his life following leads to an increased disease?

Mr. BOWLER: Yes.

Mr. McPHERSON: So, if he, by improper conduct, or a lack of medical treatment—whether he will take it or not—increases his disability, he will be paid for it.

Mr. BOWLER: That is a different question. Any pensioner, whether he is pensioned under this clause or any other clause, who unreasonably refuses treatment may be penalized by having his pension cut in two.

Mr. McPHERSON: Is it not a medical fact that a man with that disease can come off the forces with that disability, can take treatment, and then by "breaking the rules of the game" increase his disability quite easily? Would that not be possible?

Sir EUGENE Fiset: You are simply creating a new line of thought there.

Mr. McPHERSON: He deliberately by his own conduct increases his disability.

Mr. THORSON: Or lessens the effect of the treatment.

Mr. McPHERSON: I am asking if that is not a fact, from a medical standpoint.

Mr. BARROW: It is the sequelae—the tertiary symptoms—locomotor ataxia.

Mr. McPHERSON: A man under disability allows himself to increase his disability for any cause on earth, and you would endorse that by increasing his remuneration.

Mr. BARROW: That would be checked up by the Board of Medical Examiners.

Mr. GERSHAW: Supposing a man has syphilis, and later on, probably through no fault of his own, a permanent nervous trouble sets in which totally disables him. I suppose this clause is to cover a case of that kind, developing long after discharge, and becoming permanent and increasing his disability to total disability.

Mr. McPHERSON: As a medical fact, can that not be cured?

Mr. GERSHAW: Not in some cases.

Mr. McGIBBON: They can check it.

Mr. GERSHAW: If they caught it early enough, but it might cause a permanent disability just the same.

Mr. McPHERSON: If it has gone to the point where it is incurable, would his pension not be based on the same rate of disability?

Mr. GERSHAW: There might not be total disability. It might gradually come on.

Mr. McLAREN: It might include then a man who is discharged with a very early stage of locomotor ataxia, a nervous disease following syphilis. In

[Mr. J. R. Bowler.]

the ordinary course it would progress slowly for years, and in this case a man, say five or eight years afterwards, is eligible for an increased pension according to the progression of the disease.

Mr. THORSON: If the suggestion of the Legion in this respect was accepted.

Mr. McLAREN: Yet that disease is very often not susceptible to improvement by treatment.

Mr. THORSON: Under the present law, once that pension is fixed it remains that way for all time, notwithstanding an increase in disability.

The CHAIRMAN: I think all the members of the committee understand what is suggested, so we will move on to another suggestion.

Mr. CLARK: Is it not established that the aggravation in the case of venereal diseases has been greater by reason of war service than it would have been in civilian occupation?

Mr. BOWLER: That is the theory upon which the practice of the pension for aggravation is founded.

Mr. CLARK: I know that is the theory, but is it established medically, that his aggravation in these particular diseases, where they existed before enlistment, had been greater by reason of war service than through civilian occupation?

Mr. BOWLER: The section requires that; that is what it says.

Mr. CLARK: I know that, but I am asking as a question of fact whether or not that is admitted by the medical men. I do not know whether it is or not. I am asking the question. We have medical men here, and I think you witnesses must be well informed on that question.

Mr. BARROW: In a number of cases which have come to my personal notice, a man has had typhoid during service; he enlisted, apparently fit, with a pre-war infection of syphilis, and he was discharged with difficulty in walking, which I suppose is a symptom or sequelae to typhoid, and has been pensioned for a time as "difficulty in walking following typhoid." After a while—post-discharge—they find a plus Wasserman, and the diagnosis is changed to locomotor ataxia. There is one case to show to the layman that typhoid was responsible for the flare-up in the disease, which might, without the typhoid, have remained dormant for another forty years, and in the meantime the man might have died a natural death.

Mr. CLARK: It is a well known fact, even to the layman, that in time of war the possibility of contracting typhoid is far greater than in civilian occupations.

Mr. MACLAREN: I think it would be the other way around, because they all got these injections.

Mr. CLARK: In the South African war it was terrible.

Mr. MCGIBBON: That is quite true, so far as statistics go. If I may interject a remark here, I would like to say that statistics did prove a great diminution in typhoid, which was enormous at the time of the South African war, but I think it is only fair to tell the committee—and the medical men know this—that there were very strict regulations as to the diagnosis of typhoid. For instance, in the unit I was with no man was allowed to be diagnosed as typhoid unless they found the typhoid bacilli in his stools, and yet there were cases which would have been diagnosed as typhoid by the laymen at home. I did not see so many of them because I was mostly in the trenches, but I think the strict rules laid down with regard to diagnosis were largely responsible for the statistical record. I think there were thousands of cases of typhoid which were not so diagnosed.

Mr. BARROW: Apart from specific diseases—fevers during service—I am given to understand by medical men that prolonged physical or mental strain tends to cause a flare-up of syphilis.

Mr. THORSON: That is adopted as a medical fact.

Mr. MCGIBBON: That is accepted.

Mr. BARROW: And I think it is on that principle that pensions are now awarded for this sequelae.

Mr. THORSON: Only awarded in the case of a man who had the disease prior to enlistment, and served in an actual theatre of war.

Mr. BARROW: And was discharged with an assessable disability due to syphilis.

Mr. BOWLER: Before you pass from that section: the point I want to make clear is this; that these men have been accepted as pensioners, after the country has considered the problem, as it has before. Why should these men now be treated differently from any other pensioners? We maintain, if he is a pensioner, he should be treated the same as anyone else.

Mr. MCPHERSON: Without arguing that point, I would say there was a vast distinction. For instance, if a man was discharged with tuberculosis he has a disease which is practically incurable, which is very far advanced, and will gradually grow worse. As I take it from the medical fraternity these venereal diseases can be checked, if not cured—or at least held in check; therefore, the responsibility is on the man, whereas the tubercular man has no chance for his life at all. I think there is a vast difference.

Mr. BOWLER: Of course, as I pointed out before, if a man unreasonably refuses treatment, the Pension Board have the remedy in their own hands by statute.

Mr. MCPHERSON: But he may take treatment and at the same time indulge. For instance, if he takes treatment and is cured, and years afterwards succumbs again—

Mr. BOWLER: I think the medical profession could tell you there was a second infection after discharge, and would say they have nothing to do with it; they had cleared up the first infection.

Sir EUGENE Fiset: I am pleasantly struck with the reasonableness of the proposal put forth by the Legion. If that is their only suggestion as far as venereal diseases are concerned, I am quite satisfied.

Mr. MCGIBBON: For instance, in the case of syphilis, a man is discharged with the disease where it has not been diagnosed—

Sir EUGENE Fiset: That very often happens. I know of a number of cases of that kind.

The CHAIRMAN: What is the next suggestion?

Mr. BOWLER: We wish to add to suggestion 7, as a supplementary recommendation that the pensioner to whom we have just referred shall be entitled to treatment on the same basis as any other pensioner. That is to be added to No. 7.

The CHAIRMAN: Why this suggestion? Is he not now entitled to treatment?

Mr. BOWLER: Yes, he is entitled to treatment at the present time, but not as a class 1 patient. A class 1 patient gets a stipulated pay and allowance, but the ones referred to in suggestion 7 get no pay and allowance in the ordinary sense, but their dependents get what is known as a compassionate allowance. I know of one case in Winnipeg where a man had been hospitalized for

[Mr. J. R. Bowler.]

a considerable time as a neurological case, and his wife and family had been drawing class 1 pay and allowance; subsequently the diagnosis was changed to syphilis pre-enlistment, aggravated by service. The man was admitted to be a pensioner, but in regard to the treatment, and during treatment, his wife and children were suddenly switched to a compassionate allowance, which meant a drop in income from around \$80 to around \$30, and it went to the extent where the family, instead of being able to look after themselves, suddenly became destitute.

Mr. ADSHEAD: The family was penalized in place of the man.

Mr. MCGIBBON: May I ask a question for information? Some years ago we established, so to speak, a clearing house for the diagnosis of these obscure cases. How has that been administered? Has it been taken advantage of to any great extent to get the diagnosis settled, because it seems to me peculiar for a man to go ten years following the war without having his case definitely diagnosed.

Mr. BOWLER: I have no knowledge of any form of organization that is there to make a diagnosis, other than the machinery of the Board of Pension Commissioners.

Mr. MCGIBBON: You are speaking of a man who is not on the pension list; I am speaking of an aggravated case.

Mr. BOWLER: Yes.

Mr. MCGIBBON: I think by now, ten years after the war, there should not be a case in the army that should not have been definitely diagnosed long ago and put into its proper category.

Mr. BOWLER: As a layman, I would be inclined to agree with you, but the fact remains these changes in diagnosis are made from time to time.

Sir EUGENE Fiset: I have a case in point of a pensioner who applied for pension last year. He was sent down to the Bellevue Hospital. He had been receiving a pension for blindness in one eye, which pension was continued. After three or four years he began to suffer from arterial sclerosis and rheumatism and became severely crippled. He was sent back to the hospital for examination and his case was diagnosed as pre-war syphilis, and he was refused pension and even partial treatment.

Mr. BOWLER: The case I refer to happened very recently in Winnipeg.

Sir EUGENE Fiset: He had not reported for treatment, but he lived six hundred and fifty miles from the nearest S.C.R. hospital.

The CHAIRMAN: The next is No. 9.

Mr. BOWLER: We asked your permission to defer that as we may have some further information on that. We hope we won't defer it for long.

Mr. CHAIRMAN: No. 10.

Mr. BOWLER: Mr. Barrow will deal with that.

Mr. BARROW: In No. 10, we are asking that the Board of Pension Commissioners shall be given greater latitude in dealing with the question of continuing pensions to certain children. The Act requires that the pension shall cease when a boy reaches the age of sixteen or a girl the age of seventeen, except when such child and those responsible for its maintenance are without resources. Then there are two other provisions.

The CHAIRMAN: Take the first one, "without resources." You wish the word "adequate" to be added in there. At the present time, in order to get the benefit of the Act, persons must show they are absolutely without resources, and that is interpreted very strictly by the Board of Pension Commissioners.

Mr. THORSON: They must be absolutely destitute.

Mr. BARROW: We feel that the word "adequate" would give greater latitude.

Sir EUGENE Fiset: Who is going to define the word "adequate"?

The CHAIRMAN: It is a question for the Board of Pension Commissioners.

Mr. McPHERSON: I think that should go almost without comment, as a matter of fairness.

Mr. BARROW: Then sub-section (a) reads as follows:—

(a) Such child is unable owing to physical or mental infirmity to provide for its own maintenance, in which case the pension may be paid while such child is incapacitated by physical or mental infirmity from earning a livelihood: Provided that no pension shall be awarded unless such infirmity occurred before the child attained the age of twenty-one years;

We ask for the deletion of the twenty-one year's limitation. This additional pension for a child is awarded for the benefit of the pensioner, not exactly for the benefit of the child. It is awarded so the pensioner may be able to make his family budget balance better with the pension he is allowed, and with his other income. He has to be without adequate resources before this additional allowance is continued at all. With the statutory age limit we feel that it is obviously unfair. A boy of twenty-two who becomes permanently disabled—

Mr. ADSHEAD: After he is twenty-one?

Mr. BARROW: After he is twenty-one. He would naturally return home to his father, and would be a burden upon his father, the pensioner's, resources.

Mr. ADSHEAD: There must be a time limit of some kind.

The CHAIRMAN: A boy of fifty might return home.

Mr. McPHERSON: Are you going to pension the children of pensioners who meet with accidents after they are twenty-one?

Mr. BARROW: The whole question is discretionary with the Board.

Mr. McPHERSON: Is not the principle involved there that you are going to pension a child if he meets with a disability after he is grown up?

Mr. BARROW: After the age of twenty-one.

Mr. McPHERSON: Take a very extreme case; he is fifty years of age and he loses both arms?

Mr. BARROW: Take a more extreme case; he is eighty and his father is one hundred years of age; the Pension Commissioners would naturally reject that. It is discretionary with them.

Mr. THORSON: One of the reasons why pension was given to a father is that a father is under a legal liability to support his children up to the age of twenty-one; they are infants to that time. That is the reason why a pension is awarded to a father in respect to children, to enable him to fulfil his legal liability. This proposal goes a good deal farther than that, does it not?

Mr. CLARKE: For instance, a child at the age of twenty-five might be injured while working, and be drawing workmen's compensation for life, probably far more than the parents would draw by way of pension.

Mr. BARROW: Of course, if he was eligible for any other compensation the Pension Commissioners would naturally reject it. It does not seem necessary to have statutory limitation. An accident might happen when the boy was twenty-one and a day old, and under the present law the Pension Commissioners have absolutely no discretion to take that case in.

Sir EUGENE Fiset: Might I ask if Section 22 of the new Act is a new section, or is it exactly the same as it existed in the old pension Act?

The CHAIRMAN: It was inserted in 1923.

[Mr. F. L. Barrow.]

Sir EUGENE Fiset: Was that section 22 amended by the Ralston Commission's report?

Mr. BOWLER: No, sir, I do not think so.

Mr. ADSHEAD: Mr. Chairman, your reference to adequate resources only applies to a child under the age of seventeen, not for those over twenty-one.

The CHAIRMAN: The adequate resources of the parents.

Mr. ADSHEAD: To support children under seventeen.

The CHAIRMAN: Read the word "and" there.

Mr. ADSHEAD: "and those responsible for its maintenance."

The CHAIRMAN (Reading):

No pension shall be paid to or in respect of a child who, if a boy, is over the age of sixteen years or, if a girl, is over the age of seventeen years, except when such child and those responsible for its maintenance are without resources and such child is unable, owing to physical or mental infirmity to provide for its own maintenance.

Mr. MCPHERSON: This does not go over twenty-one.

Mr. MCGIBBON: On what grounds of justice can you ask for that?

Mr. BARROW: The statutory limitation does not seem necessary.

Mr. MCGIBBON: On what grounds of justice could you ask for a thing of that kind, leaving sentiment out of the question; it is purely a matter of justice?

Mr. BARROW: As a matter of fact, a boy who was twenty-one years of age would probably return home.

Mr. MCGIBBON: Supposing he did?

Mr. BARROW: If he had no other means of sustenance.

Mr. MCGIBBON: Supposing he had not?

Mr. MCPHERSON: You are taking the shortest, I took the longest. There has to be a limit some place.

Sir EUGENE Fiset: That would apply in every case where there is a time limit fixed.

Mr. MCPHERSON: Would not the logical reasoning then be that if a married man was injured, say he is thirty years of age and is totally injured, then his children should receive pension? Would you not be just as logical carrying it on? He has got to man's estate and he has got his own responsibility.

Mr. BARROW: The whole question is in the discretion of the Board of Pension Commissioners.

Mr. MCPHERSON: Is it fair to put such a discretionary thing up to a Board that has such a lot of discretionary things to settle?

Mr. MCGIBBON: You are getting away from the fact that this fellow is not a soldier; he is only the child of a soldier, and he has reached manhood.

Mr. BARROW: We are looking at it purely from the point of view of the soldier. That is why these additional allowances are granted.

Mr. MCGIBBON: There has got to be a reasonable limit some place. Supposing he was thirty years of age, and had a wife and two or three children?

Sir EUGENE Fiset: You cannot carry that on to the third and fourth generation.

The CHAIRMAN: If the proposal is thoroughly understood by the members of the Committee we will go on to the next suggestion.

Mr. BARROW: The next one is subsection (b) of the same section. Continuance of the additional pension for a child is permitted, according to the

[Mr. F. L. Barrow.]

Act, when such child is following and is making satisfactory progress in a course of instruction approved by the Commission, in which case the pension may be paid until such child has attained the age of twenty-one years. We are asking here that the discretionary powers of the Board shall be taken away, and the continuance of pension to, or in respect of an unmarried child, following any recognized course of instruction, shall be continued until the completion thereof, or until the child has attained the age of twenty-one years, whichever is the earliest, upon the production of certain evidence. We find that under the present practice of the Board it is required to show that the child is making brilliant progress.

The CHAIRMAN: Satisfactory.

Mr. BARROW: But they require more than that. I have a letter from the Secretary of the Board, of which I will read one paragraph. I may say that evidence was submitted in this case to show that the child was making good progress.

An examination of the files shows that this child is not suffering from physical or mental infirmity, or that his education has in any way been retarded through ill-health. In other words, he is of average intellect and has made normal progress in school. There are, therefore, no exceptional circumstances in the case which would justify the Commissioners exercising the discretion vested in them and continuing the pension for a period beyond the age limit.

We feel that the purpose of the Act is to permit the continuance of pension to assist the people who put these children through school, without necessarily having to show exceptional brilliance. That is, if the child is making normal progress and is making good use of his time.

Mr. THORSON: May I ask whether that letter is representative of the attitude taken by the Commission on cases of this sort?

Mr. BARROW: Yes, we find that that is a sample of their attitude; that they require considerably more than normal progress. There are cases which would occur to you; a case of a widow with a daughter who has to put in one year at high school in order to start training as a nurse. If she is not permitted to take that year she only becomes a very poor assistant.

Mr. McPHERSON: The Act, at the present time, gives them the right to assist until they are twenty-one.

Mr. BARROW: Yes. We are not asking that the twenty-one shall be extended at all; we are asking that the discretionary power be taken away, and if the parents are prepared to let the child remain for another year, that the money be paid. The total outlay is limited to \$180 for the year in the case of an orphan child or the child of a totally disabled man. In the disability cases it comes down on a sliding scale, according to the percentage of a man's disability.

Mr. McGIBBON: You just want the discretionary powers taken away?

Mr. McPHERSON: And you want to give them discretionary power on the other?

The CHAIRMAN: There are two things required here; first of all, that the words "making satisfactory progress" be taken away; that the discretion of the Commission in deciding what is satisfactory progress be taken away, and that the Commission be obliged to decide on the production of a certificate from the Department of Education of the province concerned that the continuance of the education is considered to be in the interest of the child, and a certificate from a duly qualified minister of any recognized church as to the character of the child. Instead of leaving it to the discretion of the Commission with regard to satisfactory progress, they ask for these two certificates. If these two certificates are given, then the child is to be allowed to continue its education,

[Mr. F. L. Barrow.]

not only until it has attained the age of twenty-one years, but until it has attained the completion of this course of education. That is, we could let them run to twenty-three years.

Mr. BARROW: We are prepared to set it—

Mr. MCPHERSON: That is what your subsection says there, "until the completion thereof."

Mr. BARROW: Whichever is the earlier.

Mr. THORSON: The real state of affairs is that you are complaining that the Commission is not administering the law as it is laid down in the Act; that they are not putting the proper interpretation on the words "satisfactory progress?"

Mr. BOWLER: That they are a bit restrictive in their attitude towards that section.

Mr. CLARK: You say, then, that the Department of Education, say for the province of British Columbia, would be in a better position to judge as to whether or not a child should finish his course, they being on the ground and having him under their direct supervision, than the Board of Pension Commissioners sitting here; is that not the point?

Mr. BARROW: That is the point.

Mr. THORSON: In other words, you are putting a statutory requirement there in place of the term "satisfactory progress?"

Mr. BARROW: That is just about it. I would like to make this point clear; the amount of money paid in respect of additional pension for the child does not, of course, cover the child's maintenance in school for that year; the parents have to contribute their share.

Sir EUGENE Fiset: May I ask if this point has been discussed with the Board of Pension Commissioners, and what is their opinion?

Mr. BARROW: The point has been discussed with the Board of Pension Commissioners.

Sir EUGENE Fiset: Only in special cases of that kind, and you have drawn conclusions from the special cases that you are dealing with?

Mr. BARROW: We have drawn conclusions on their interpretation of the word "satisfactory."

Sir EUGENE Fiset: And it is not satisfactory to you?

Mr. BARROW: It is not satisfactory to us.

Mr. MCGIBBON: How many such cases have you?

Mr. BARROW: I could not say definitely how many. I should say, in the last three years the Dominion Headquarters of the Canadian Legion have probably had thirty or forty.

Mr. MCPHERSON: The effect of your two amendments would amount to this: With the words "adequate resources" instead of "no resources," it would mean that any family that could not afford to send their child through school for the continuing period would claim they had not adequate resources; it would bring all in that could not afford it themselves. Then if the department said, "it would be advisable for this boy, and in his interests, to have more education," that would bring him fully within it and he would be entitled to it. Do you not think that that condition would exist in every case? I cannot see where, except where a man or child was mentally deficient, that education would not help him. I have known of cases where the university authorities have told a young man, "You are doing no good here, you had better stay away."

[Mr. F. L. Barrow.]

Mr. BARROW: But in those cases you will find that the child has not sufficient interest to go on at school, and you will find that the parents are not sufficiently interested to pay their share of the money.

Sir EUGENE Fiset: Will you not create a sentiment of dissatisfaction on account of the fact that this could not possibly apply to cases that had been dealt with in the past? You are going to subject yourself to more criticism, I think, by amending your law than you would otherwise.

Mr. CLARK: That is the case with every amendment. In this particular matter the only cases to which it could apply are those of children who are going to a university.

Mr. BARROW: Or to high school.

Mr. CLARK: No, because no boy would still be going to high school at twenty-one years of age.

Mr. BARROW: At sixteen.

Mr. CLARK: But your "twenty-one" is mentioned there specifically.

Mr. BARROW: We leave that "or twenty-one."

Mr. CLARK: I think that practically every university in Canada to-day has adopted the policy that if a boy fails in one examination he is permitted to come back and try once more, but if his progress is not satisfactory he is told to leave. Now, that would be the test of the decision of the Department of Education in every province; if he is not making progress that is satisfactory, he is asked to leave, and no certificate would be given.

Mr. BARROW: That would be a very good safeguard.

The CHAIRMAN: The Department of Education in my own province would say, "We do not know anything about what he is doing at the university," and they would not give him a certificate.

Mr. THORSON: There is another aspect of it; they might be inclined to give him a certificate on the ground that it would not cost them anything.

Mr. McGIBBON: Are you not getting at the wrong end of this thing? My experience in life is that the brilliant boy can always take care of himself; it is the boy that is not brilliant that needs help.

Mr. McPHERSON: It seems to me that if the Pension Board cannot interpret the words "satisfactory progress", I do not see how they can interpret the Act to carry on. That is a perfectly simple, plain proposition, "satisfactory progress" and anybody should be able to interpret it.

Mr. McGIBBON: It would apply, for instance, to girls taking up music.

Mr. BARROW: Any recognized course of instruction.

Mr. McGIBBON: That would take in nursing, typewriting, shorthand work and business courses.

Mr. McPHERSON: The Department of Education in our province has absolutely nothing to do with business courses or business colleges, or with nursing.

Mr. BARROW: A nurse in training is self-supporting.

Mr. McPHERSON: No, she is not.

Mr. BARROW: Or nearly so.

Mr. McGIBBON: She does not get anything in the best hospitals.

Sir EUGENE Fiset: In many hospitals they pay them.

Mr. BARROW: In Ottawa here, I understand a nurse gets maintenance and ten dollars a month.

Mr. McPHERSON: They pay to get in some hospitals, I know.

Mr. BOWLER: In Winnipeg they get maintenance and six dollars a month.

[Mr. F. L. Barrow.]

The CHAIRMAN: I am personally convinced that in the province of Quebec, at any rate, if you were to write to the Department of Education—we have no Department of Education as such—if you were to write to the government to inquire whether a boy was making satisfactory progress at the colleges of St. Anne de la Pocatiere or Rimouski they would say, "We do not know anything about him".

Mr. ADSHEAD: May I ask what idea you had in mind in mentioning the Department of Education?

Mr. BARROW: We set out to find some kind of evidence that would be acceptable to the Board of Pension Commissioners as proof that the child was making normal progress, and we chose that as being a recognized type of evidence.

Mr. MCGIBBON: Do you think there would be any difficulty in a student getting that? You know perfectly well that they would go to the member for the local House, and he would go down and get it.

Mr. BARROW: May I answer that by telling you how much these people will provide? A fifteen per cent pensioner only draws for the entire year the sum of twenty-seven dollars. Unless those people are anxious that a boy shall have another year's schooling, they certainly are not going to bother about getting twenty-seven dollars.

Mr. MCGIBBON: I am not talking about money.

Mr. BOWLER: If I may say a word on the question; I do not think the Legion is, as Mr. Barrow said, married to this particular solution. This is only a suggested solution. The difficulty lies in the fact that the Board of Pension Commissioners have necessarily no personal knowledge of the situation. They have to deal with it by correspondence or long distance methods. I have known of cases in Winnipeg where the investigators there have been satisfied themselves that the child's education should be continued, but it has been impossible to impress that conviction upon the minds of the Board of Pension Commissioners; they thought to the contrary. I think that what we are getting at here, is some other method of deciding. An alternative suggestion would be to allow the district office to decide. If the authority could be given to the representative of the Pension Board in the district office, that if they decided that the child's education should be continued, that should go, and it should not be subject to reversal or review in Ottawa.

The CHAIRMAN: That would be simply placing the discretion on the district office instead of on the Board of Pension Commissioners.

Mr. BOWLER: Yes. It would be much more satisfactory.

Mr. MCGIBBON: Let me ask you this question: Have we lost all use for the Board of Pension Commissioners?

Mr. BOWLER: No.

The CHAIRMAN: Are we to take it, that this particular point has been thoroughly discussed and that we understand what is meant?

Mr. BOWLER: I would just like to make it plain for the record, that none of these suggestions are being offered in a critical sense with regard to the Board of Pension Commissioners. We only desire to seek a solution.

Mr. MCGIBBON: They reflect on them; you cannot get away from that.

Mr. BOWLER: It is not intended as any personal reflection.

Mr. MCGIBBON: I do not think it is for a minute, but still it is a kind of reflection on the administration of the Act.

[Mr. F. L. Barrow.]

Mr. BOWLER: We do disagree, in this particular instance, in the way they administer it. We are perfectly frank about it, and perfectly friendly about it too.

Witnesses retired.

The Committee adjourned until Monday, February twenty-seventh at 11 a.m.

MONDAY, February 27, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the chairman, Mr. C. G. Power, presiding.

JOHN R. BOWLER and FREDERICK L. BARROW recalled.

Mr. BOWLER: The next suggestion is No. 13 on the sheet, referring to Section 22, subsection 7, of the revised Act. The subsection reads as follows:—

The children of a pensioner who was pensioned in any of classes one to five mentioned in Schedule A, and who has died, shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not: provided that the death occurs within ten years after the date of retirement or discharge or the date of the commencement of pension.

The classes one to five mentioned above cover eighty to one hundred per cent disability.

This may be considered in conjunction with recommendation No. 23 on the sheet, which refers to section 32 of the revised Act, subsection 2. This reads as follows:—

Subject to paragraph 1, of this section, the widow of a pensioner who, previous to his death, was pensioned for disability in any of the classes one to five mentioned in Schedule A shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not: provided that the death occurs within ten years after the date of retirement or discharge or the date of commencement of pension.

Mr. McPHERSON: What are you reading from?

Mr. BOWLER: Section 32, subsection 2. The one clause refers to the children and the other to the widow. They are to the same effect but they appear in different sections. The recommendation of the Legion is that the limitation in time be taken out.

Mr. CLARK: Where is that recommendation?

The CHAIRMAN: It appears on two pages, Colonel Clark. It is on page 3, No. 13, and also on page 6, section 23. It amounts to this: Under the present system, a pensioner who is suffering from disability in classes one to five, and who dies, his widow or children obtain a pension as if he had died on service.

Mr. McGIBBON: What are those classes?

The CHAIRMAN: They are the classes from eighty per cent disability up. It was considered advisable by former committees to insert in the Bill a limitation, and in order to get that he would have to die within ten years. The request of the Legion is that that time limitation be left out.

Mr. ROSS (Kingston): Who recommended that?

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

The CHAIRMAN: It started with a five-year limitation.

Mr. BOWLER: It started with five years and went to ten, where it stands at present. There are certain classes of pensioners who are seriously disabled, drawing pensions of eighty per cent or more. They are most unlikely to die from their pensionable disability, in which event their widows will not receive a pension. I think the Amputation Association will have something to say on the same point, as it would largely refer to them. The contention is that a man so seriously disabled as eighty per cent or more is under a very great disadvantage in providing for his dependents after his death. The previous amendment was founded on that same basis, and the contention now is that no limitation in time should really have any effect if the principle is admitted.

Mr. MCGIBBON: That would apply if a man contracted pneumonia or typhoid fever and died?

Mr. BOWLER: Yes, that is what it means at the present time.

Mr. MCGIBBON: How are you going to attribute that to war service?

Mr. BOWLER: This particular section gets away from the principle of death from war service; it always has done so since the commencement.

The CHAIRMAN: Subsection 7 says that whether death was attributable to service or not, if he should die, his widow is entitled to a pension, but the limitation is ten years after.

Mr. MCPHERSON: When the limitation was put on would it not be because, from the standpoint of those on the committee at that time, they considered that if he was going to die from the results of war service, he would die within ten years or five years, whatever it was.

Mr. BOWLER: If he dies from the result of war service there would be no question; in any event the widow and children would be entitled to a pension. This applies where a man is seriously disabled.

Mr. MCPHERSON: Do you know the reason for putting on that limitation of five or ten years originally?

Mr. BOWLER: No.

Mr. MCGIBBON: That was because the insurance covered the rest of it.

Mr. SANDERSON: He might not have insurance.

Mr. MCGIBBON: It was available.

Mr. BOWLER: The period of time for insurance was pretty well limited.

Mr. MCGIBBON: Supposing a man is eighty per cent disabled and marries a young girl, and then dies of pneumonia; does she get a pension?

The CHAIRMAN: If he dies within ten years.

Mr. MCGIBBON: The ten years would be automatically extended?

Mr. BOWLER: If you remove the time limitation, that would apply, yes.

Mr. ROSS (Kingston): What about the marriage clause?

Mr. BOWLER: It says, "Subject to paragraph one of this section." Paragraph one reads as follows:—

No pension shall be paid to the widow of a member of the forces unless she was married to him before the appearance of the injury or disease.

Mr. MCGIBBON: Yes, but if he had a continuing allowance of eighty per cent from war service, she would be entitled to a pension.

Mr. BARROW: Not if she married after the beginning of the pension.

Mr. MCGIBBON: Do you mean to tell me, that if a man eighty per cent disabled goes out and gets married, his widow is not entitled to a pension?

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. CLARK: He is prohibited from getting married, or he does it at his own risk.

Mr. MCGIBBON: That has been put in since I was on the Committee.

The CHAIRMAN: It has been in since the first Act was passed, and has been discussed by every committee since.

Mr. CLARK: It was amended by the committee and amended by the House of Commons, but struck out by the Senate once, was it not?

The CHAIRMAN: Four separate times it has been rejected by the Senate.

Mr. MCGIBBON: That is the point; it has been taken out by the Senate and not by this Committee.

Mr. BOWLER: This recommendation means that if a man is drawing a pension of eighty per cent, or over, and then dies from some disability other than that for which he is drawing pension, his widow shall be entitled to pension.

Mr. ROSS (Kingston): The principle is that his system is reduced in vitality, and he is unable to fight against any disease to the extent of eighty per cent.

Mr. BOWLER: Or by reason of his handicap he is unable to compete with the average man in making provision for his family after his death.

Mr. ADSHEAD: You say, they would be mostly amputation cases?

The CHAIRMAN: He is presumed to get enough pension to overcome the handicap, that is, if we give him enough.

Mr. ROSS (Kingston): There is a reduced vitality in his system, and he has less defensive power.

Mr. BARROW: It is impossible to entirely disassociate a fatal disease from a disability of eighty per cent or more. That was one of the principles on which it was originally put in.

Mr. ROSS (Kingston): That is the whole principle.

The CHAIRMAN: If the Committee so desire, I will ask Mr. Paton of the Board of Pension Commissioners, to give us an explanation as to why this limitation was introduced, and why it was increased from five years to ten years. Would the Committee prefer to wait until we called the witness? If there is nothing more on this we will go on to the next suggestion.

Mr. ADSHEAD: The witness has stated that the majority of cases applicable under this suggestion would be amputation cases largely.

Mr. BOWLER: Largely, yes.

Mr. McLEAN (Melfort): In the cases of men who cannot get insurance to-day, or who neglected their opportunity to get insurance?

Mr. BARROW: Any man with eighty per cent disability or over.

Mr. ADSHEAD: It is manifestly unjust, if a man is an amputation case.

The CHAIRMAN: I think there is a suggestion made that we should reopen the insurance question again to cover the cases of those who neglected, or were unable, to take advantage of it.

Mr. BOWLER: If a man is drawing a pension of eighty per cent or more, and then dies, unless the cause is some accident it is usually difficult to disassociate the cause of death entirely from the disability for which he gets the pension. In those cases attributability might well be established. Where there is no possibility of establishing attributability this principle would apply.

Mr. McPHERSON: In other words, with an amputation case that dies, say, of pneumonia, after ten years, this would give his widow a right to a pension?

Mr. BOWLER: That is correct.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. BARROW: Suggestion 14 reads:

That a new subsection be added to section 22, to the effect that, on the death of a widow of a member of the forces, the pension for a widow may, in the discretion of the Commission, be continued for so long as there is a minor child of pensionable age, to a daughter or other person competent to assume, and who does assume, the household duties and care of the child.

In 1922, you conceded that privilege on the death of the wife of a pensioner. That is, if a man loses his wife and is left with minor children, with an adult daughter of eighteen years of age, a pension would be paid in respect of the adult daughter to enable him to keep the home together. It seems that at that time this point was overlooked, where it was the widow, and not the pensioner, whose home would be broken up. There was a case in Edmonton of a widow who died and left a daughter of eighteen years of age with three children. The best that the Board could do, under the Statute, was to award orphans' rates to the three children. It was not enough to keep the home together. Representations were made by the Attorney General of Alberta, and Colonel Thompson, when visiting Edmonton, according to a note I made at that time, returned with the intention that the oldest child should be pensioned as a foster parent. This, however, was considered by the Board to be impossible under the Statute.

Mr. CLARK: What about the meritorious section?

Mr. BARROW: This case was, I believe, appealed under the meritorious section, and disallowed.

Mr. CLARK: The power to grant a pension under the meritorious section is suggested by such a case. What is the section?

Mr. BARROW: No 21 of the revised Statute reads:—

Any member of the forces, or any dependent of a member of the forces, or any dependent of a deceased member of the forces—

Mr. CLARK: There is power given them there.

The CHAIRMAN: It looks as though they have discretion.

Mr. BARROW: They would have the power, but we do not find that the meritorious section works very well.

Mr. CLARK: I know, but it would not work any better with the discretion that you suggest. The discretion given here might be used in one case but not in the other. You want something better than discretion, it seems to me.

Mr. BARROW: In this case, I think I am safe in saying, the Board of Pension Commissioners realized the propriety of granting a pension, but their hands were tied. They could not possibly give a pension.

Mr. CLARK: It says here:

Any member of the forces or any dependent of a member of the forces, or any dependent of a deceased member of the forces, whose case in the opinion of a majority of the members of the Commission, and a majority of the members of the Federal Appeal Board, appears to be specially meritorious may be made the subject of an investigation and adjudication by way of compassionate pension or allowance with the assent of the Governor in Council.

Mr. THORSON: That would apply only to those cases that come in at the same time under the jurisdiction of the Federal Appeal Board and—

Mr. CLARK: No, excuse me.

Mr. THORSON: Because it requires the majority both of the Board of Pension Commissioners and the Federal Appeal Board to make an award under the meritorious service clause.

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

Mr. McPHERSON: Section 21 says that any case may be made the subject of an investigation by the Board.

Mr. CLARK: Any dependent. Here is a dependent that is refused. If the Federal Appeal Board and the Pension Board get together and the majority of the two decide that it is a specially meritorious case, they have power, with the assent of the Governor in Council, to grant a pension in such cases.

Mr. ADSHEAD: Why leave this case under the meritorious clause, which is the same as compassionate charity. This specific case is one that surely ought to be statutory.

Mr. CLARK: That was discussed time and again. You cannot make legislation for every type of case.

Mr. ADSHEAD: But you can for this.

Mr. CLARK: You can do it but—

Mr. McPHERSON: I was just going to ask the witness on that point. Was this the only case that came up?

Mr. BARROW: This was the most pressing case. Section 22, sub-section 9, gives the Pension Board the power to award a pension to the adult daughter or other person, on the death of the wife of a pensioner. We merely wanted that extended to cover the widow, as well as the wife of a pensioner.

Mr. McPHERSON: I think we are all here with the idea of doing as much as we can for the soldier, but when we discuss these things in detail to find out the merits or demerits, we have to do that from the standpoint of our own duty. If we are going to try to amend this Act to cover every individual case of each particular kind, we will stay here every session and every day. Mr. Barrow just mentioned that, so far as he knows, this is one case, but that there may be another case. That is even carrying it farther, into presumed cases that may come. I agree with General Clark, that the meritorious clause would cover cases like this. It may be advisable to change it.

The CHAIRMAN: If it is not wide enough we can make the meritorious clause wider.

Mr. CLARK: I would suggest that we defer further discussion on this, and summon the Chairmen of the Pension Board and the Federal Appeal Board, and get a statement as to why they have not granted this case. Mr. Barrow could be present at the same time, and see that the facts are fully understood.

Mr. McGIBBON: It is not really the law, it is the application of the law by the Pension Board?

Mr. BARROW: May I just add this; as the years pass, the possibility of these cases cropping up is obviously greater.

Mr. McGIBBON: It is the application of the present law that you are quarreling with, not the law itself.

Mr. HEPBURN: What is your objection to the present law?

Mr. BARROW: That the present section does not provide for the pensioning of the adult daughter of a widow. While the meritorious clause does exist, still the machinery is somewhat cumbersome, and there would inevitably be delay in having to put the thing through the meritorious channel.

Mr. ADSHEAD: The meritorious clause is for individual cases, and this is for classes of cases?

Mr. BARROW: This is for classes of cases.

Mr. SANDERSON: So far you have only the one case that has come before you?

Mr. BARROW: I could not state the number of cases now, but there is a distinct class. You already have the principle there for the death of the wife of

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

a pensioner, and we are merely asking that that should be extended to include the widow. The home is just the same, a pensioned home.

The CHAIRMAN: I suggest we move to the next suggestion, No. 15. If any one will read that suggestion, I think he will see that somebody has no sense of humour.

Mr. BARROW: May I invite the attention of the Committee to suggestion 15 and suggestion 20. These two suggestions 15 and 20 have been brought in so that we might have an opportunity to bring before the members of the Committee the class of case on which we ask the guidance of the Committee. We are not sure what is the proper solution. It is the case relating to the insane or mental man who deserts his home or the man under treatment who deserts his home. There are a number of pensioners for mental disability who disappear, and under the Act, the Commission is obliged sooner or later to discontinue payment of their pension. There is also a case that I would like to cite anonymously to the Committee, an Ottawa case which I know rather well. The woman is an epileptic. There are no children, and she is unemployable. The man was under treatment at the Ste. Anne's Hospital, and escaped. These are the circumstances of the case; the woman and her future husband met at Liverpool when they were children, when they were about 10 years of age; they were childhood friends. The boy, through the immigration agency, came to Canada. When he went home in 1916, he again met the girl, and she saw him on two subsequent leaves. Demobilization came, and he returned to Canada, and was discharged from the army. He corresponded with the woman, and about a year later, or a little less, returned to England; they were married. Coming back to Canada, the woman was taken sick, and her meals were brought to her in the cabin. The man came down to the cabin one day, and found the steward in the cabin, and flew into a towering rage. He tore up the marriage certificate. These were the first symptoms. They came to live in Ottawa, and the man secured employment at a local school for boys. He did not remain long, because he was continually obsessed with jealousy of his wife, even in respect to the small boys at the school. He got work and they moved around from one room to another, staying there two or three weeks or a month, and the reason for moving always was his idea of unfaithfulness on account of his wife. They were married in October, 1919. In January, 1920, the man tried to strangle his wife, and was prevented by the son of the landlady. He was given vocational training, but he disappeared for a while, and on his return home, he again assaulted his wife, and attempted to cut her throat with a razor. He was admitted to Ste. Anne's Hospital a year or two later. He escaped from Ste. Anne's. The last thing he will do will be to return home because he believes his wife is unfaithful. That is his particular delusion. If he did return home, she would have to dodge him because she would be afraid of a further assault. Nothing has been heard from him at all since he escaped. This man had a small pension for some condition other than mental, and the Board of Pension Commissioners gave a small retroactive adjustment in that respect, which was paid to the wife for maintenance. Her epilepsy during these years of hardship, with no money, became very bad. I do not think any of the members of the Committee would like to employ her. She had difficulty in persuading her landlady to keep her room. She had no money. The matter was taken up with the Board of Pension Commissioners, and they conceded entitlement of a pension for a mental condition, and awarded pension for a limited period on the basis of the monthly report from the hospital, and they authorized that the money be paid to the woman. She got the lump sum and put it in the bank; using it carefully, and it is almost exhausted. When she had the money, there was an immediate change in her mental outlook, and she was in very much better health. Now the point is this; when the man escaped from hospital, he ceased treatment, therefore his pay and allowances had to

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

cease. We feel that in a case like that, although the departmental officials are not responsible, because it is impossible to prevent a lunatic, who has made up his mind to escape, from escaping, unless you keep him with a ball and chain, yet there is obviously a departmental responsibility, and we feel that the treatment allowance at the rate of \$60 a month for the dependents of the mental case should be continued indefinitely.

Mr. McGIBBON: As a matter of information, are you making any recommendations about this case of insanity? My own opinion is that there is a wave of insanity creeping all over the country, of people who had war service, who are not pensionable. Some of them are but a great many of them are not. It is quite evident to an observant mind that it is the result of war strain probably creeping out five or six or seven years afterwards. Personally, I think that that is something the Committee have to look into. I was just going to ask why should those who are not pensioned be ruled out? It seems to me there is a big number of people who are suffering in Ottawa who are not pensionable at all, and cannot be pensioned, and if we are going to grant pensions, we might grant them to them. Are there any recommendations along that line?

Mr. BARROW: There is a recommendation in the supplementary agenda which would contain that.

Mr. McGIBBON: Why not consider them together.

Mr. BARROW: I think the Committee recognizes that the great problem before the Committee this year is to make some proposals to deal with cases of award of disability, apart from pensionable cases, or D.S.C.R. treatment.

Mr. McGIBBON: That is my point. These are after-war disability.

The CHAIRMAN: This is a matter of amendment to the Pension Act, which will provide that people, who are insane, will not be considered unreasonable when they refuse medical treatment.

Mr. BARROW: These were cases where the service was admitted.

Mr. THORSON: Is the case not covered by that word "unreasonable" in subsection 3. Is it not another case of complaint against the interpretation of the section.

Mr. BARROW: What would you do in such a case as I cited?

Mr. THORSON: Can it be said in the case you have just cited that the escaped lunatic has unreasonably refused or neglected to present himself for medical examination?

Mr. BARROW: I think it could.

Mr. McGIBBON: Absolutely not.

Mr. THORSON: I would say it was not an unreasonable refusal not to present himself for examination, and therefore his pension ought to be continued.

Mr. McGIBBON: The only ground on which you can take a man away and put him in the asylum is that he is not responsible for what he does.

Mr. THORSON: Then why hold him to compliance with the statutory requirements?

Mr. McLEAN (Melfort): After a lapse of a certain time, it might be assumed the man had recovered sufficiently well to know what he was doing.

Mr. McGIBBON: Not necessarily.

Mr. McLEAN: That would be an assumption.

Mr. McGIBBON: It would be a funny thing to declare a man is insane, and then later assume he is sane without any evidence.

Mr. THORSON: I think there would be no reason for withholding pension in a case such as Mr. Barrow suggests.

Mr. BARROW: If the Committee would be prepared to recommend that a pension or treatment allowance be continued when the patient or the pensioner disappears, I think that would cover it.

Mr. THORSON: You are asking the Committee to frame a definition of what should be considered not unreasonable in a case of such a person whose mind is unhinged.

Mr. BARROW: Where the pension disability is a mental condition.

Mr. McPHERSON: I do not see how in any way a man when mentally insane can be either reasonable or unreasonable because he lacks reason entirely. He cannot be unreasonable as long as he is insane, as far as the Act is concerned. I find on the part of the Pension Board, some latitude in interpreting that section. For instance in this case, when the man escaped from the hospital, they did recognize pensionability for six months. There must be a limit as to how far they will go.

Mr. THORSON: Why should they put it off for six months? Why assume that the man has changed?

Mr. BARROW: I presume because they could not get him and examine him.

Mr. THORSON: They cut him off because he has unreasonably refused to present himself for examination.

Mr. BARROW: I presume that is the reason.

Mr. McGIBBON: What steps were taken by the Pension Board? Surely they had some responsibility to the public at large when they allowed an insane man to escape and made no attempt to recapture him.

Mr. BARROW: I understand the D.S.C.R. Department sent men out, and made a scour of the country; but this man happened to be a lumberman, an experienced bushman, and it was not an easy matter to recapture him. I think there is a responsibility in such a case.

Mr. MACLAREN: I think the Board should have reasonable evidence that the man is sane before they discontinue the pension.

Mr. ADSHEAD: Did you say, Mr. Chairman, that in the case cited by Dr. McGibbon, of insanity coming on afterwards, the soldier is precluded under the Act.

The CHAIRMAN: Oh, no. We are now taking up Section 21, the meritorious clause.

Mr. BARROW: Our recommendation in regard to the meritorious clause does not appear on the sheet. It was not intended to take it in this order, and it was not discussed, but I think it might just as well come in now.

The CHAIRMAN: Probably a lot of these suggestions might very well be handled under the meritorious clause without necessarily making an amendment to the Statute. That is the meritorious clause, about which no suggestions have been made by the Legion in writing.

Mr. BOWLER: The recommendations in regard to the meritorious clause is that the Board to consider the meritorious cases shall be one Board and that the majority of the members of that Board shall govern the decision. At present it reads:

Any member of the forces or any dependent of a member of the forces or any dependent of a deceased member of the forces whose case in the opinion of a majority of the members of the Commission

That is the Board of Pension Commissioners. The Section continues

and a majority of the members of the Federal Appeal Board, appears to be specially meritorious may be made the subject of an investigation and adjudication by way of compassionate pension or allowance with the assent of the Governor in Council.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

The point that I make in connection with that is that at the present time cases submitted under the Meritorious Clause are not considered by one Board. The Pension Board and the Federal Appeal Board do not in fact act conjointly. I think the Board of Pension Commissioners will agree with what I say, that the Act is interpreted literally, and that means that if you do not get a majority on both Boards, you do not succeed in your claim.

Mr. CLARK: A majority of each.

Mr. BOWLER: You must have a majority on each Board. If you have the Federal Appeal Board entirely in favour of the thing, and you have two Pension Commissioners recording a vote against it, which is a majority of the Pension Board your claim is disallowed, despite the fact that if you considered the two Boards as one, you have a majority in your favour. We think that is a situation which might be remedied.

The CHAIRMAN: You think some means might be found to make the two Boards sit as one Board?

Mr. BOWLER: Yes.

Mr. THORSON: Does the whole of the personnel of the Pension Board sit on a meritorious case? And does the whole of the Federal Board sit with them?

Sir EUGENE Fiset: Do they sit jointly or separately?

The CHAIRMAN: They do not sit jointly.

Sir EUGENE Fiset: It seems to me the intention of the law is that they should sit jointly.

Mr. BOWLER: The Section read that way originally, but it was amended, I think, about two years ago.

Mr. THORSON: Supposing we had six members on the Board of Pension Commissioners.

Mr. BOWLER: Three is the maximum.

Mr. THORSON: There are just three on the Board.

The CHAIRMAN: And six on the Appeal Board.

Mr. THORSON: If five members of the Appeal Board voted in favour of an award, and two members of the Pension Commissioners voted against it, the award would not be made?

Mr. BOWLER: No. The award is lost.

Mr. THORSON: Because there is not a majority of the two Boards in favour of the award, although there might be six persons in favour of it and three against it?

Mr. BOWLER: Yes we think there should be one Board, and that the decision of that Board should govern.

The CHAIRMAN: On page 3 appears the suggested amendment to Section 21, which reads:

Section twenty-one of the said Act is repealed and the following substituted therefor:—

21. When a member of the forces dies, suffers injury or contracts disease from causes such that no right to pension under this Act arises, but a specially meritorious claim for compassionate pension or allowances is based upon such death, injury or disease, such claim may be referred for consideration to a special tribunal consisting of two members of the Commission, two members of the Board and the Deputy Minister of the Department or his representative, who shall be chairman thereof.

(2) Such tribunal shall have power to recommend the award by the Commission of a compassionate pension or allowance not exceeding

in amount that which the Commission might in a like case have awarded if the death, injury or disease had been attributable to military service.

(3) Such proposed compassionate pension or allowance may be paid upon the payment thereof being approved by the Governor in Council.

Explanatory Note

This amendment would create a definite tribunal which would hear and adjudicate upon applications for compassionate pension instead of the present procedure by which these applications are dealt with by the Board of Pension Commissioners and the Federal Appeal Board separately.

Mr. MCGIBBON: That is Board No. 3; that is another Board. That is the great weakness of this whole thing—the lack of power in the Appeal Board.

The CHAIRMAN: That is the suggestion which has been made, and I will ask Mr. Bowler to study it and give us his views.

Mr. ROSS (Kingston): We will hear the chairman of each Board, and perhaps we could hear from them on that matter.

Mr. THORSON: May we ask Mr. Bowler to study that, and perhaps give us his idea of how it would appeal to the Legion, at a subsequent hearing.

Mr. BOWLER: Without prejudice I would say this would work out more satisfactorily than the present system, but I would like to study it a little more before expressing a definite opinion.

The CHAIRMAN: It appears to narrow the ground upon which a compassionate allowance would be granted.

Sir EUGENE Fiset: By the amendment, Mr. Chairman, the final appeal is before the cabinet of the Privy Council.

The CHAIRMAN: That is done now.

Sir EUGENE Fiset: As this is done now, it seems to me that the crux of the whole situation is this; that the two boards never meet together to consider jointly these recommendations, and if the applicant were given the right to appeal, it would work out better.

The CHAIRMAN: There is no way of getting this before the Council unless there has been a recommendation by one or other of these boards. The Privy Council simply acts by recommending to the Treasury Board that these amounts be paid.

Mr. CLARK: Under this proposed amendment who would appoint the special tribunal, and who would refer the case to it?

Mr. MCGIBBON: It is just another appeal board; you will have boards without end pretty soon.

The CHAIRMAN: This is a matter for study and not for discussion at the present time. We will take up the next item.

Mr. BOWLER: The next is suggestion 16, referring to section 25 of the revised statutes, subsections 4, 5, 6, 7, and 8. It has to do with cases where men have accepted final payment, or what is commonly known as "commutation of pension". The recommendation is made that this section be amended to provide that

all members of the forces who have accepted final payment in lieu of pension shall, upon complaint, be re-examined and, if a disability remains, shall be restored to pension as from the date of commutation; and that there shall be deducted from the arrears of pension so created, and from future payments of pension, the amount of the said final

[Mr. J. R. Bowler and Mr. F. L. Barrow]

payment; provided that the deduction from future payments of pension shall not exceed fifty per cent of the pension payable.

The present statute does not permit further award to a pensioner who has commuted with a disability of less than fifteen per cent, even though the disability persists in that degree for fifty years. In a number of instances, the pensioner received even less than the maximum amount of commutation payment, because it was estimated that the disability would disappear in one or two years. This proposal is designed to remedy the entire situation by nullifying the final award where the disability is still present.

The CHAIRMAN: Explain the present practice.

Mr. BOWLER: Now, according to subsection 4 of section 25, which reads:

4. Members of the forces who were at the time of retirement or discharge, or who later have become disabled to an extent of between five and fourteen per cent, may elect to accept a final payment in lieu of the pensions set forth in Schedule A of this Act; the amount of such final payment in cases of disability between five and nine per cent shall not exceed three hundred dollars, and in cases of disability between ten and fourteen per cent shall not exceed six hundred dollars, and shall be determined in accordance with the extent of the disability and its probable duration.

That clause relates to disabilities which were not stationary, where an estimation had been made as to how they would progress, or how long they would last, and it provided the maximum amount which could be awarded.

The next clause relates to this permanent disability. Subsection 5 reads:

5. Members of the forces permanently disabled between ten and fourteen per cent shall receive six hundred dollars; and members of the forces permanently disabled between five and nine per cent shall receive three hundred dollars.

In that case there was a set amount, if it was considered to be a permanent disability.

Subsection 6 reads:

6. If an election has been made to accept a final payment such election is final unless the disability of the member of the forces concerned becomes greater in extent, in which case pension may be restored as hereinafter provided, and if a married pensioner elects to accept a final payment the consent of his wife must be secured.

Then just a few lines, and subsection 7 reads:

7. All payments of pension made subsequent to the time at which an award of fourteen per cent or under is made shall be deducted from the amount of the final payment: Provided that no deduction shall be made for the period prior to the first day of September, one thousand nine hundred and twenty.

And then this is the provision as to reinstatement as it stands at the present time:

8. If subsequent to the award of a final payment it is found that the disability of the member of the forces has increased, he shall be restored to pension, and the additional pension for the increased disability shall be paid from such date as may be determined by the Commission; and there shall be deducted from the arrears of pension so created, and from future payments of pension, the amount of the said final payment: Provided that the deductions from future payments of pension shall not exceed fifty per cent of the pension payable.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Now, the recommendation of the Legion is that all cases where final payment are accepted should be reviewed if there is still a disability, and that the disability be assessed accordingly back to the date of the acceptance of the final payment, and that the amount of the final payment be deducted, and an adjustment made accordingly.

The CHAIRMAN: That is even in cases where the disability has not increased?

Mr. BOWLER: Yes.

Mr. McPHERSON: Where the disability does increase now, they get a review?

Mr. BOWLER: Yes.

Mr. McPHERSON: And this would mean a case of no increased disability, but the man has accepted a fixed sum in settlement, and even then he can appeal?

Mr. BOWLER: That is correct.

The CHAIRMAN: How would it work out in figures and practice if your suggestion were carried out?

Mr. BOWLER: I understand that somewhere between 15,000 and 20,000 men accepted it.

The CHAIRMAN: Take a man who has accepted \$600, and whose disability has increased from 14 to, say, 20 per cent: what would happen to him under present conditions?

Mr. THORSON: He can be reviewed under the law as it stands now.

Mr. ROSS (Kingston): All he has to do is to prove the disability has increased.

The CHAIRMAN: Supposing he is allowed a pension of 20 per cent: that dates back from the time of his commutation and the payment that he might have received if the extra six per cent was used up and deducted from the amount which he shall receive, representing the 20 per cent.

Mr. BARROW: Usually the 20 per cent starts from the date of complaint; the date upon which he brings his case to the attention of the authorities, and a 10 per cent adjustment is put over the back period.

Mr. ROSS (Kingston): If he proves that disability has been further back than the date of application.

Mr. BARROW: In practice we find this: a man comes in and says his disability has got worse; he has to supply a medical certificate, which is compared with the last official write-up at the time he commuted, by the federal doctors. If it seems to them that the disability has progressed he is put back on pension, and if it has increased from 10 per cent to 20 per cent it is usually put back to the date of examination by the outside practitioner, at 20 per cent. This may be a month or two before the official examination, and the adjustment over that back period is at 10 per cent. In other words, they say that instead of commuting, this man has the right to re-elect. The 10 per cent he was receiving when he was commuted shall continue, but they now find it is 20 per cent, and his pension is raised.

Mr. MCGIBBON: That brings up the old point of putting unwise legislation on the statute books. That commutation law was put on directly against the recommendation of this committee, at the request of the soldiers themselves and the Pensions Board. We said it was wrong at the time, and now our view has been verified.

Mr. BARROW: Some of the soldiers supported it.

The CHAIRMAN: I think Dr. McGibbon will remember that that was one of the great questions before us; it was very difficult to resist the pressure which was brought to bear upon us.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. McGIBBON: We tried to resist it; we said it was wrong in principle, and in every other way.

Mr. MACLAREN: Are you in favour of a continuation of commutation?

Mr. BOWLER: No; absolutely opposed to it.

Mr. MACLAREN: You favour dropping that from the Act?

Mr. BOWLER: Yes, I do.

Mr. MACLAREN: Are you so recommending?

Mr. BOWLER: We do not do so in so many words, but that is the effect of it.

Mr. MACLAREN: Where?

Mr. BOWLER: By recommending that all cases where the commutation has taken place be restored to pension, as if there had been no commutation.

Mr. MACLAREN: That may still continue in other cases.

The CHAIRMAN: I think everybody who is commutable has commuted now.

Mr. MACLAREN: It is still going on.

Mr. McGIBBON: We opposed that in this committee time after time.

Mr. THORSON: As I understand it, the effect of this amendment will be this; it will retain the principle of commutation for those who desire to take advantage of it. They can still commute, even if this amendment goes through, but in respect to those who have already commuted, it opens the door to restoration of pension rights as if they had not commuted.

The CHAIRMAN: They can come in or out as they please for the rest of their lives without showing further disability.

Mr. ADSHEAD: But they deduct the commutation from that.

Mr. MCPHERSON: In these fifteen or twenty thousand cases—

Mr. SANDERSON: It opens it very wide.

Mr. BOWLER: I think I am on safe ground, speaking for the Legion, when I say that if this suggestion is adopted, so far as we are concerned, we would be glad to see the whole principle of commutation of pensions taken out of the Act entirely.

Mr. McGIBBON: It was at the request of you people that it was put in there.

Mr. BOWLER: Those veterans' organizations can not escape responsibility; I grant you that.

Mr. MCPHERSON: It would mean, as far as the 15,000 or 20,000 cases are concerned that every soldier would have nothing to lose by applying for pension.

Mr. BARROW: About a thousand have been already put back on pension at the increased rate.

Mr. MCPHERSON: But the effect would be that every soldier who has commuted would likely apply, because he has nothing to lose.

The CHAIRMAN: And get a present of \$200 or \$300.

Mr. THORSON: But that is deducted from his pension.

Sir EUGENE Fiset: He has to refund the amount of his commutation.

The CHAIRMAN: Yes, but supposing he received \$300; it has been five years, and he was supposed to get \$7 or \$8 a month, we will say; this is deducted from his lump-sum cheque, and he may get an additional \$200, or \$300, or \$400.

Mr. BOWLER: It varies.

The CHAIRMAN: So it is to his advantage to make an application for reinstatement of pension.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. ROSS (Kingston): How many years will it take him to work off that \$300 or \$400?

Mr. BARROW: A man who is getting \$5 for 5 per cent or \$10 for 10 per cent a month, draws five years' pension in advance when he commutes. There would, therefore, in some cases probably be a year or two back pension still coming to him. If you do that, you will not pay the amount any more than you would have done had he not commuted, but you are saying in effect "We will not hold this man down to the proposal he accepted, but will give him a further right to pension."

Sir EUGENE Fiset: Is it not a fact that in lots of cases of commutation, they were given before he was granted a pension? In thousands of cases he has commuted his right to pension; it was done on his discharge. I have seen cases on the discharge papers where the paying officer put down there "Final payment, \$100"; I have three cases in my hand at the present time. These cases never came up for pension.

Mr. BARROW: The \$100 is 4 per cent final payment. The commutation only applies to between 5 per cent and 14 per cent. The man who gets the \$100 or the \$75 or the \$50 or the \$25 was not given the option to elect; it was forced upon him. The pension doctors said "We find him 3 per cent disability, and we give him \$75," but in the commutation he was given the option to accept, and if he and his wife signed that, it went into effect.

When a man made application to commute, there were two factors; the percentage first; was he 5 to 9 or 10 to 14; then, the probable duration of the disability, which means that the medical men in the Pensions Board estimated the length of time which they expected it would take for the disability to disappear. Consequently we find a number of men who instead of receiving \$600 received only \$350. There was a palpable error looking backwards in the estimation of the length of time in which it would take the disability to disappear, but there is no redress. The man cannot say "You gave me a final pension and assumed my disability would disappear in two years; I still have it; you were wrong; can I get my pension?" There is no redress. He can only say "You gave me final payment of 10 per cent; I am now 15."

Sir EUGENE Fiset: Can he get his case reviewed?

Mr. BOWLER: In the cases you mentioned, Sir Eugene, that man would not be affected by this section. If at any time he could show an increase of 5 per cent; he would be entitled to go after a pension.

Sir EUGENE Fiset: I can see that, but the machinery is awkward. The Board of Pension Commissioners will not accept the certificates of a private practitioner; what they will want to do is to call the man back to hospital for observation and treatment.

Mr. ROSS (Kingston): If the medical certificate shows sufficient evidence that he is entitled to it.

Mr. MCGIBBON: They will give him another examination.

Mr. ROSS (Kingston): There is only one thing in favour of this; there are hundreds of men who have been up before the medical representatives of the D.S.C.R. or the Pension Board and have been told "In a year or two you will be better; take this." The men were frightened into commutation in hundreds of cases, so that there is something in favour of this request.

Mr. MCGIBBON: We should never have passed that law.

The CHAIRMAN: I think we are all agreed on that now.

Mr. BOWLER: There are so many applications for reinstatement of pension that it is one of the biggest problems with which the Legion has to deal.

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

Mr. McGIBBON: That is quite natural. They have nothing to lose as the matter now stands. It was a mistake to give them that in one lump sum. We fought that here but it was soon apparent that it was to be forced in.

Mr. BOWLER: The fact remains that many of these men are married to-day and have got family responsibility; their disability remains but their pension is gone.

Mr. THORSON: Would you, at the same time, suggest that the principle of commutation be done away with in future?

Mr. BOWLER: I have no authority from the Executive Council, but I would express my own personal opinion that you will get no objection at all from that source.

Mr. McGIBBON: If you repeal this thing, you have got to repeal it forever.

The CHAIRMAN: The next is suggestion No. 17.

Mr. BOWLER: This suggestion, No. 17, covers Section 26, subsection 1. The suggestion is, that the amendment provides that a pensioner, totally disabled, whether entitled to a pension of class 1, or a lower class, and not in hospital, and shown to be in need of attendance, shall be entitled to an addition to his pension, subject to review, from time to time, of an amount in the discretion of the Commission of not less than two hundred and fifty dollars per annum, and not exceeding seven hundred and fifty dollars per annum.

The CHAIRMAN: It is a question of the interpretation of the word "helpless" as now appears in the Act. You want to change the word "helpless" to "totally disabled".

Mr. BOWLER: That is it, exactly. Section 26 of the Act is to the same effect as the suggestion, except that it requires a man to be totally disabled and helpless. I think the tubercular section, when they present their recommendations, will have something to say upon that. The controversy always arises as to whether a man is helpless or not, and what helpless means.

Mr. ADSHEAD: You want to eliminate the word "helpless"?

Mr. SANDERSON: What would you mean by "totally disabled"?

Mr. BOWLER: If a man has a total disability pension and is shown to be in need of attendance—that is what we are recommending—then the question of whether he is helpless or not should not enter into it.

Mr. THORSON: In other words, you want to eliminate the words "and helpless"?

Mr. McGIBBON: Why do you want to do that?

Mr. BOWLER: That is really what it is. Mr. Gilman, of the Tubercular Veterans, will have some cases to cite.

Mr. McGIBBON: The tubercular people are in a special class by themselves, and always have been.

The CHAIRMAN: It is a peculiar thing that a man, who is totally incapacitated, is not declared to be helpless by the Board. I cannot see any distinction.

Mr. McGIBBON: There is quite a distinction.

Mr. THORSON: There are many cases where he might be totall disabled and yet not helpless.

The CHAIRMAN: What is called "helpless allowance" was originally granted to persons who were in need of assistance to get about their ordinary vocation. It was not a question of the percentage of incapacity of a man in the labour market, it was whether the man was incapable of doing anything; for instance, the case of a man without arms or legs. Dr. McGibbon will, perhaps, remember they declared that he was not quite totally helpless and could not get the

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

whole of the seven hundred and fifty dollars. He was granted only two hundred and fifty dollars.

Mr. MCGIBBON: Men that needed people to look after them.

The CHAIRMAN: Seven hundred and fifty dollars is granted to persons in that class.

Mr. MCGIBBON: Tubercular people are probably not helpless, but they are incapable of working. Should they attempt to work their disability would recur and probably kill them.

Sir EUGENE Fiset: It is a question of the interpretation on the part of the Board of Pension Commissioners, so I think you will have to postpone this until they are here.

The CHAIRMAN: The amputation people and the tubercular people will have something to say?

Mr. BOWLER: Of course, it does apply to other disabilities. You will find cases where a man is totally disabled and needs attendance.

Mr. MCGIBBON: For our information, just what kind of class would that be?

Mr. BOWLER: The first that occurs to my mind, is the sleeping sickness cases.

Mr. MCGIBBON: Or any man with advanced tuberculosis or paralysis. There are cases, for instance, of tuberculosis, where the disease is quiescent and a man could go out and work but dare not, because if he did, he would break down and probably die.

The CHAIRMAN: He would be helpless.

Mr. MCGIBBON: He is not helpless.

Sir EUGENE Fiset: A man is in the second stage of tuberculosis, and instead of being given one hundred per cent disability, he is given seventy-five per cent, due to the fact that he might be able to earn twenty-five per cent of his own living.

Mr. BOWLER: In any event, I point out that we are not eliminating the question of attendance. We are not asking for this, since the men can be shown to be in need of attendance, but the controversy has arisen, as the Chairman pointed out at the beginning, as to whether a man is totally disabled in need of attendance, and helpless as well. It is the interpretation of that word "helpless."

The CHAIRMAN: Next.

Mr. BOWLER: Suggestion 18, is that section 26 be amended by the addition of a new subsection, to provide that a pensioner requiring special diet shall be granted an allowance not exceeding one hundred and eighty dollars per annum. This would apply to a pensioner who is medically advised to diet by reason of, say, the existence of a duodenal ulcer.

Mr. MCGIBBON: That is a curable disease and he ought to be sent to hospital and treated.

Mr. BOWLER: There are cases where men are put to some considerable expense when they have to diet.

Mr. MCGIBBON: It is only a matter for a surgical operation, if a man is fit to stand it.

Mr. BARROW: We have cases where men are discharged from hospital from treatment. They are given a diet to follow by the unit D.S.C.R. examiner. There are cases where the amount of pension does not cover the cost of the diet.

Mr. HEPBURN: State a case?

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. MCGIBBON: In that case the cost would surely be lower. You are not going to assume that he will have that duodenal ulcer for the next thirty years?

Mr. BOWLER: I think the case would be covered from our point of view by saying that a man may be granted an allowance, instead of shall be granted.

Mr. BARROW: There was a case in Ottawa, where a man was put in the Ottawa Civic Hospital, a few months ago. He was let out pending a transfer to another institution. He was granted a pension, I think at the rate of twenty per cent, but at the same time, he was given a lengthy list by the D.S.C.R. medical examiner of what he should eat. The man came in and complained that he could not buy it with his pension, which I believe was true. I believe that he had to have charitable assistance in order to carry out the medical instructions.

Mr. MCGIBBON: Did he have an operation?

Mr. BARROW: No.

Mr. MCGIBBON: Did you not suggest it?

Mr. BARROW: No. At that time he was to be transferred to the other institution for further observation.

Mr. MCGIBBON: There might be some cases where that would apply, but as a general rule I think it would be a dangerous precedent.

Mr. BARROW: This man had had one or more operations previously.

Mr. MACLAREN: The changing of the wording "shall be" to "may be" amends the section very materially.

The CHAIRMAN: I think it is unwise, both on the part of the soldier and of the Committee, to have little sections all through the Act, which will give this man and that man the right to \$150 or \$180. It makes the administration of the Act more expensive and is of no great value to the soldier.

Mr. MCGIBBON: It is bad legislation.

Mr. BOWLER: It is following the precedent, really, where an allowance is granted to amputation cases for clothing.

Mr. THORSON: That whole section is full of special allowances and special provisions.

Mr. BOWLER: This recommendation is not necessarily confined to the duodenal ulcer cases. It occurs to me that the diabetic patients are put on diet.

Mr. MCGIBBON: The diet is not more expensive; it is a restricted diet.

Mr. BARROW: The point is not entirely the cost of the diet; it is the cost of the diet plus the diet of the regular household.

Sir EUGENE Fiset: Has the Board of Pension Commissioners any discretion in the matter at the present time?

Mr. BARROW: There is no such thing as a diet allowance.

Mr. MCGIBBON: Is that not involved in the pension for tubercular people?

Mr. BOWLER: The question of diet? I have not heard it raised.

Mr. MCGIBBON: I thought it was considered.

Sir EUGENE Fiset: Was it taken into consideration when the amount of pension was granted?

Mr. BOWLER: I could not answer that.

Sir EUGENE Fiset: It must have been.

Mr. BARROW: It is supposed to be, I believe, but the result shows that in some cases it is not.

Sir EUGENE Fiset: If the remedy is an increased pension, it is within the discretion of the Board of Pension Commissioners to grant it.

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

Mr. BARROW: They are governed by the table of disability.

Mr. MCGIBBON: That is the way it was dealt with.

Mr. BOWLER: We are quite content to leave it with you, with the word "shall" changed to "may." This will give the Board of Pension Commissioners discretion, if they think there is a case where the man should have it.

Sir EUGENE Fiset: I do not think it would amount to very much.

The CHAIRMAN: The next is suggestion 21.

Mr. BARROW: Suggestion 21 is an amendment to section 31 of the Statutes, which says:—

When a pensioner pensioned on account of a disability has died and his estate is not sufficient to pay the expenses of his last sickness and burial, the Commission may pay such expenses, or a portion thereof, but the payment in any such case shall not exceed one hundred dollars.

Mr. MCGIBBON: That is all right.

The CHAIRMAN: They want to raise that to one hundred and fifty dollars.

Mr. MCGIBBON: That is all right.

Mr. ADSHEAD: Does this section 31 cover the Last Post Fund?

The CHAIRMAN: I am under the impression that the department itself subscribes to the Last Post Fund.

Mr. ADSHEAD: Last year, the Premier promised that when any indigent soldier died, his dependents should not have to go out on the street and beg charity. Does this cover that?

Mr. BARROW: This is pensioners only. In that case, the grant is made by the Board of Pension Commissioners.

The CHAIRMAN: It is a straight request to pay \$150 instead of \$100. As the next section, No. 22, is liable to be very lengthy, I would suggest that we pass on to something else.

Mr. BARROW: For the purpose of the record, may I say that we find the \$100 burial allowance is not enough.

Mr. BOWLER: It is supposed to cover both the burial and the expenses of the last sickness.

The CHAIRMAN: Suggestion 24 is next.

Mr. BARROW: Suggestion 24 covers the case of the woman who marries after having cohabited.

The CHAIRMAN: That is the case of a person who has been living with a woman without being married to her. Afterwards, through remorse of conscience, he marries her, and he dies. She is not entitled to the pension she would have got, and it is obviously something that we should correct.

Mr. MCPHERSON: There is an amendment that will cover that.

Mr. BARROW: If we may leave that until to-morrow to give that information.

The CHAIRMAN: I do not suppose there are many cases existing. Next?

Mr. BARROW: The next is No. 25. (Reads):—

That, in the matter of an application under section 33, subsection 3, by a parent, or person in the place of a parent, there shall be a conclusive presumption that the deceased member of the force would have contributed wholly, or to a substantial extent, towards the maintenance of such parent or person, had he not died.

We find, in practice, that the Board of Pension Commissioners require one of two things as a starting point from which to consider a claim for a dependent parent's pension. They either require that a man shall have made an assignment of pay during service, or else they seem to require letters from him,

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

definitely saying "money is enclosed herewith," or at least, definitely expressing interest in the financial affairs of the parent. I have a case on my desk, which was just recently submitted to this office, where a parent submitted a number of letters from the boy saying that he was enclosing money. That case has not been admitted by the Board, because there are other children, although this boy seems to have taken a very vital and important interest in the support of his parents. We are asking for the amendment for this reason: it is very, very seldom that a boy puts in his letter such a remark as, "when I come home, mother, I am going to look after you." We are very lucky if we find a case where that is said. On the other hand, in some provinces, I understand, the law requires that children shall support their parents. We are asking that there shall be a conclusive presumption that the boy, on his return, would have supported his parents.

Mr. ADSHEAD: You simply say, "deceased member of the forces." That would apply to even married men sending money home to their children?

The CHAIRMAN: It is a question of the prospective dependency of parents?

Mr. BARROW: Yes.

The CHAIRMAN: It is a question of a boy having been killed on service. It has been the custom of the Board of Pension Commissioners to insist on some evidence to show that this boy actually was interested in the financial condition of his parents, and that letters were received from the front asking how they were getting along, or that he allotted a certain portion of his pay and allowance to them.

Sir EUGENE Fiset: The practice went farther than that; they took into consideration the fact that they were sons that were supposed to support the mother or wife or widow.

Mr. BARROW: May I read the sub-section for the record? (Reads):

When a parent or person in the place of a parent, who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, subsequently falls into dependent condition, such parent or person may be awarded a pension provided he or she is incapacitated by mental or physical infirmity from earning a livelihood, and that in the opinion of the Commission such member of the forces would have wholly or to a substantial extent, maintained such parent or person had he not died.

These are cases where, perhaps, the father was living during the boy's enlistment, and after his death. During that time there is no particular necessity. There is hardly any necessity for the boy to send money home, either by assignment of pay, or otherwise. But the father dies and the mother is left without any evidence to produce showing that the boy had said that he would support her.

Mr. McGIBBON: You want to take it for granted?

Mr. BARROW: Yes.

Mr. THORSON: Supposing both parents are living, and there is just one boy who has been killed in the war. Neither parent has been disabled except by old age. I have a case in point where there are two old people actually in need of help from some source, and this is the only way they have of getting it. Would your request cover a case of that kind?

Mr. BARROW: It would help to some extent. It is required that the parents that make application must be physically or mentally incapacitated from earning a livelihood, and must be in a dependent condition. But if the reason the claim is disallowed is because they cannot bring forward evidence to satisfy the Board of Pension Commissioners that that boy would have contributed had he returned, then our suggestion would take care of your case. We are asking

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

that it shall be presumed that the boy would have contributed, instead of presuming that he would not have contributed.

The CHAIRMAN: I think there is a suggestion from the Department covering this.

Mr. SCAMMELL: May I read it? (Reads):

Sub-section 3, of Section 33 of the said Act is repealed and the following substituted therefor:—

(3) When an application for pension is made by a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by a member of the forces at the time of his death but has subsequently fallen into a dependent condition, such application may be granted if the applicant is incapacitated by physical or mental infirmity from earning a livelihood and unless the Commission is of opinion that the applicant would not have been wholly or to a substantial extent maintained by such member of the forces if he had not died.

Explanatory Note

The effect of the amendment is to transfer the onus. Under the present provision the applicant must adduce evidence leading to an inference that he or she would have been maintained by the deceased if he had lived, a burden very difficult to discharge. Under the amendment the fact of application becomes *prima facie* evidence to this effect which is considered more consonant with the justice of the case.

Mr. MCGIBBON: Is that satisfactory?

Mr. BARROW: On behalf of the Legion I am glad to see that suggestion there.

Mr. BOWLER: It is a different way of expressing it. We say there shall be a presumption that he did.

The CHAIRMAN: It does not go quite so far as the Legion's suggestion.

Mr. BARROW: Does this mean that the Commission will not reach the conclusion that the applicants would not have been maintained unless evidence to that effect is produced.

The CHAIRMAN: It means that the Commission must produce evidence that there would have been no maintenance, instead of the other way.

Mr. McPHERSON: I suggest that this clause be left over.

Mr. CLARK: As a matter of general practice, these discretionary clauses in the Act, it seems to me, give rise to more contention than any others. The interpretation given in one case is along a certain line, and in another case, the interpretation will be quite different. I am not quite sure that we should not have an appeal in all these matters of discretion, which I believe might lead to a uniform practice in determining principles, more uniform at any rate, than at present.

Mr. THORSON: You are speaking of the whole question of appeal in cases involving discretion.

Mr. MACLAREN: There is more difficulty in these cases than in any other.

The CHAIRMAN: We have authority to deal with the Appeal Board. As we hear these cases, the more I am convinced that something should be done to strengthen the Appeal Board.

Then we take up Section 33, Subsection 6, It is proposed that that Section should be amended to provide that no deduction shall be made from the pension of a parent in respect to contributions by an unmarried child in case of bona fide unemployment of the child, or where the child is continuing a course of instruction.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. BOWLER: The section reads:—

6. When a parent or person in the place of a parent has unmarried children residing with him or her who should, in the opinion of the Commission, be earning an amount sufficient to permit them to contribute to the support of such parent or person, each such unmarried child shall be deemed to be contributing not less than ten dollars a month towards such support.

That means in effect that ten dollars a month is deducted from the pension.

Mr. ADSHEAD: What interpretation do you put on the word "parent" or "person"?

Mr. BOWLER: That is a dependent person.

The CHAIRMAN: Does that mean in practice that if the Board of Pension Commissioners decide that there is an unmarried child residing with the parents, he is presumed to be contributing ten dollars a month whether he is working or not?

Mr. BOWLER: That is the whole position. If a child is bona fide unemployed, and, through no fault of his own, cannot obtain employment, no deduction should be made from the pension in such cases. If the Pension Board would tell us that that was their practice, we would be quite satisfied, but it does not read that way, and cases of trouble have arisen.

The CHAIRMAN: They may consider that this child is not contributing ten dollars. They have the discretion.

Mr. MCPHERSON: If there is a child at home unmarried, the Commission may say "Well, he should be earning ten dollars, and we will make him contribute that."

Mr. BOWLER: Yes.

Mr. MCPHERSON: It is a question whether he can or not.

Mr. BOWLER: We would be satisfied if the Commission would give us an assurance that, in cases of bona fide unemployment, no deduction would be made. That would be satisfactory.

Mr. MCPHERSON: Has it been refused?

Mr. BOWLER: Yes, we have had cases of that kind. There was a different section, which is relative to the same point in section 30. This was amended in 1925.

Mr. ADSHEAD: This clause as it stands now will not cover the case of a child continuing a course of instruction.

Mr. MCPHERSON: He would not be earning anything if he were completing his course of instruction.

The CHAIRMAN: If the child is going to school, I hardly think that even the Pension Board would say he should contribute.

Mr. ILSLEY: Did the Pension Board take that view, that if a child is receiving a course of instruction, he should contribute?

Mr. BARROW: I cannot cite you any cases on that point, but I can cite cases on the unemployment question.

Mr. ILSLEY: In the case of unemployment, may it not be that the Board of Pension Commissioners doubts the bona fides of the unemployment? You are still going to leave it to the Board of Pension Commissioners to investigate this question of bona fides, are you not?

Mr. BOWLER: Under the Act they have that discretion, and under our submissions we propose to take it away. I know it sounds like the same old story. This is a question that has arisen from definite cases that can be cited.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. McPHERSON: It comes back to the old question of the discretionary powers of the Commission.

Mr. BOWLER: It does.

Mr. McPHERSON: You make this suggestion; that a boy overseas should be assumed to be paying something to support his parents, and in this case the presumption is that he should not be. You have the discretionary power in each case.

Mr. ILSLEY: It is only in a case of bona fide unemployment.

Mr. BOWLER: Exactly.

Mr. ILSLEY: The words are: "Or where the child is continuing a course of instruction.

Mr. BOWLER: Yes.

Mr. ILSLEY: It does not say so.

Mr. BOWLER: There should be no deduction in a case of bona fide unemployment.

Mr. ILSLEY: You are not advancing the case much, because it would still remain for the Commission to investigate the bona fides of the unemployment. Surely if the Board of Pension Commissioners decide that the child cannot get employment, or is still going to school, they do not come to the conclusion that the child should be earning money.

Mr. BOWLER: If they would give us a statement that their policy is as outlined by you, I do not think we would be pressing for this amendment.

Mr. McPHERSON: I suggest that this section should be allowed to stand pending our decision as to changes in regard to appeals from the Commission. Surely the judgment of nine men should be reasonable.

Mr. McGIBBON: I think every man here knows why that clause was put in.

Mr. BOWLER: The amendment to Section 30, subsection 3, arose over the same issue, and it reads:

3. When a pensioner previous to his enlistment or during his service was maintaining or was substantially assisting in maintaining one or both of his parents, an amount not exceeding one hundred and eighty dollars per annum may be paid direct to each of such parents or to him so long as he continues such maintenance: Provided that the benefits of this subsection shall be limited to a parent or parents who is, are or would be, if the pensioner did not contribute, in a dependent condition, and that if the Commission is of opinion that the pensioner is unable by reason of circumstances beyond his control, to continue his contribution towards the maintenance of his parent or parents, the Commission may continue the said benefits.

Witnesses retired.

The Committee adjourned until Tuesday, February 28 at 3.30 p.m.

TUESDAY, February 28, 1923.

The Special Committee on Pensions and Returned Soldiers' Problems met at 3.30 o'clock p.m., the Chairman, Mr. C. G. Power, presiding.

JOHN R. BOWLER and FREDERICK L. BARROW recalled.

Mr. BARROW: This is proposal No. 22 which refers to section 32, subsection 1 of the Act.

Mr. Chairman, in order to make the present situation perfectly clear, with your permission, I would like to run over a little history very briefly. Six years ago, in 1922, you and six other members of this committee sat on a special committee of parliament to consider our problems. One of the points which were brought up for your consideration was the one we have to-day, the question of the entitlement of a widow who marries after the appearance of the injury or disease causing death. You made a recommendation in 1922 to blanket in a certain class of these widows. Bill 192 was drafted and contained the following provision: "5, subsection 1 of section 33 of the said Act as amended by chapter 62 of the statutes of 1920 is further amended by inserting after the words 'married to him' in the second line thereof, the words 'within one year after date of discharge from the forces, or'". Your recommendation received the unanimous endorsement of the House of Commons. For some reason, possibly due to the lateness of the session, it did not become law. At that time I had on my desk in the service bureau two or three cases of widows whose claims would be admitted had your recommendations become law. There were not so many of them, but they were hand-picked; they were cases where we felt satisfied, and where we felt the Board of Pension Commissioners would be satisfied, that proper entitlement was there if the law was amended as you suggested. A year passed, and another recommendation was put in—in 1923. In the meantime my stack of files had increased by two or three. In 1923 Bill 205, as passed by the House of Commons June 13, 1923, said: "15; subsection 1 of section 33 of the said Act as amended by chapter 62 of the statutes of 1920, is further amended by inserting after the words 'married to him' in the second line thereof, the words 'within one year after date of discharge from the forces, or'". That did not become law. The disappointment of the widows was keen. There was hardship, and there was no trace at all, in any of these cases which we had waiting, of any ulterior motive. A Royal Commission then investigated the question with exhaustive care. In May, 1924, the Royal Commission brought in its second interim report on the second part of the investigation and on page 23 of the Second Interim Report the argument begins, upon which the Royal Commission based their recommendation. That was embodied in Bill 255 as passed by the House of Commons, July 16, 1924. Clause 9 of the Bill reads:

Subsection one of Section 33 of the said Act as amended by chapter sixty-two of the statutes of 1920, is repealed and the following subsection is substituted therefor:—

(1) (a) No pension shall be paid to the widow of a pensioner unless she was living with him or was maintained by him or was in the

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

opinion of the Commission entitled to be maintained by him at the time of his death and for a reasonable time previously thereto.

(b) No pension shall be paid to the widow of a member of the forces unless she was married to him before the appearance of the injury or disease which resulted in his death, provided:—

(i) That a pension shall be paid when the marriage took place prior to a date one year after the discharge of the member of the forces.

(ii) That a pension shall be paid when a member of the forces on and after the coming into force of this Act secures from the Commission a certificate showing that any pensionable injury or disease from which he was suffering at the time of marriage, would not in the opinion of the Commission result in death,

(iii) That a pension shall be paid in the case of a member of the forces who has married between a period of one year after his discharge and before the coming into force of this Act, and who has obtained from the Commission a certificate showing that any pensionable injury or disease from which he was suffering at the time of marriage, would not in the opinion of the Commission result in death.

(iv) That a pension shall be paid in the case of a member of the forces who has married between the period of one year after his discharge and the coming into force of this Act and who has died of a pensionable disability prior to the coming into force of this Act, when the marriage took place at a time when no symptoms existed from which a reasonably prudent man, making reasonable enquiries, would have known of the existence and the potential seriousness of the injury or disease which ultimately resulted in death; provided, however, that it shall be conclusively presumed that such symptoms did not exist, if, at the time of the marriage, an injury or disease previously known was so improved as to have removed any resultant pensionable disability.

I would like to point out that the Royal Commission endorsed the proposal which the Special Committee of 1922 had evolved, namely, that a pension shall be paid when a marriage takes place prior to a date one year after the discharge of a member of the forces. Again, that Bill did not become Law. The following year, 1925, Bill No. 70 was introduced in the House of Commons which practically repeated the provisions and the suggested remedy as laid down in Bill 255 of 1924. From year to year my stack of files has grown. I have not very many yet, but they are all hand-picked first-class cases. I think the history of what has happened in this case shows that the principle of the blanketing-in period is a generally admitted principle. Four times the House of Commons has unanimously endorsed that principle, and I am inclined to think no further arguments are necessary now as to the propriety of the principle. The question that does arise though is a question as to how far this Committee would feel inclined to go; that is, how long a blanketing period you would allow. In our proposal No. 22, we have set down what we believe to be the minimum which this Committee will endorse. Frankly, we know it does not go far enough. Some cases I have on my desk—and I expect every member here has some cases in mind—will not be brought in under the blanketing-in period. There may be a chance of establishing some of those cases under the additional provisions of the recommendation of the Royal Commission to which I referred and which has been embodied in the previous Bills, but if possible, we should suggest that this should be avoided, because it means the submission of medical evidence, and while we do not imply for a moment that the medical opinion

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

which will be involved lacks integrity, it means the possibility of personal error, which applies equally to medical men as to any one of the rest of us laymen. We know then that the recommendation we have in our program does not go far enough; and what of the present? A man to-day pensioned for a disability incurred during service is faced with an obstacle in the way of marriage. We say to him "We know you have a disability; it was incurred during service. It was incurred in the service of your country; you are pensioned for it, but you must not marry. If you marry, we will not take any responsibility for the maintenance of your widow." Take a man who sustains a gun-shot wound in the head. He is paid for the disability. He is a single man. He suffers from constant headache, insomnia, noises in the head, and yet if he marries he knows the country will not assume any of the consequences to his widow if he should die in this condition, possibly as the result of the condition of the brain, a sequel of the wound. The question then is as to how far you will go in such a case, and I hope you will be as generous as possible, and that this time your recommendation will become law; so that in the cases I have on my desk—the widows get in touch with me by letter or telephone, or call every year, about this time of the year—their cases may be adjusted within two or three months, and they will realize that they have some financial compensation for the hardships they have endured in the past in maintaining their children, and some tangible evidence of the response of a grateful country.

Sir EUGENE Fiset: Would you relate again the position of the four bills you have mentioned that were passed by the House of Commons and that have never become law? There is a provision for one year later.

Mr. BARROW: The first condition has been a blanketing-in period of one year after discharge; that would cover the case of a woman who married during the war. When the man comes out of the hospital—

Sir EUGENE Fiset: Would you substitute a specific date.

Mr. McPHERSON: The end of the war.

Mr. BARROW: We want more than that. That is the minimum which we think you are prepared to give, but it is not sufficient to cover the cases involved.

Mr. McPHERSON: You realize that there is a strong moral difference in the case of a woman who married shortly after the war, but before the Pension Act or when notice was given.

Mr. BARROW: I do not think there can be any question in any of these cases that a woman married with the idea or intent of receiving a pension, because such a provision has never been in the law. Of course, she may have been in ignorance of the law, but that certainly works both ways. She may have been absolutely within the law, and therefore she would assume she would get a pension, but looking through our files, we find cases of women who married when the man came out of the service, and women who married in fulfilment of pre-war engagement when the man was discharged. We find they did not expect to receive a pension, although at the time the man was apparently in a condition where death might reasonably be expected to ensue shortly.

The CHAIRMAN: I have knowledge of a case in which the wife of a soldier, who was suffering from one-hundred per cent disability and all due to service, came to me and was bitterly disappointed when she found out that she was not likely to obtain pension in case he died. One of the considerations of the marriage was that he was expected to die shortly, and she expected to get the pension.

Mr. McPHERSON: Should these cases not be considered from the point of view of two distinct classes? That is, the claims of the woman who marries

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

under conditions which are barred from Section 32, but who married prior to the passing of Section 32—that is, before 1919—cases of that kind, and of those who married after. There is law to the effect that they cannot get a pension. There are two kinds of cases that you can divide at once. I would hesitate to express the view that a woman who married previous to 1919, not knowing that this Act was coming into force, although she might not be entitled under this Act, should receive consideration, although those who married after would not.

The CHAIRMAN: If she married after the disability, she is not entitled to a pension.

Mr. McGIBBON: The law was not yet enacted.

The CHAIRMAN: There were regulations which provided for the widow of the soldier killed on service.

Mr. McGIBBON: If it is not fair, it should be repealed.

Mr. McPHERSON: That is your distinction, I find.

Mr. BARROW: We find in general practice, that she is perhaps naturally, in entire ignorance of the law. The widow is naturally surprised and disappointed that she is not awarded a pension. But that is not the whole point. There are at least two classes, the class where the woman marries a man believing him to be fit or nearly so, and the class where a woman marries a man knowing him to be sick, in fulfilment to a pre-war engagement, and she feels it is up to her to fulfil the pre-war engagement, even though his health has been very greatly impaired as the result of the service.

Mr. CLARK: I am not quite clear as to who will benefit under your proposal. For instance, would a widow who married, say in 1922, and whose husband died this year be benefited under this?

Mr. BARROW: Under our proposal, she would not be benefited by the blanketing-in clause. That applies to any marriage.

Mr. CLARK: How do you fix that date?

Mr. BARROW: We fix that date as being the day following the official declaration of peace. But that is not sufficient to cover these cases.

Mr. CLARK: From the practical point of view, what is the difference between the position of a woman who married before that date, and the one who married the following year?

Mr. BARROW: I hope the Committee will look at it in that way.

Mr. BOWLER: The idea of fixing the day is based upon the recommendation of the Ralston Commission. They had a record of the cases where there was bona fide engagement of marriage, and they mentioned these cases as cases which, in their opinion there was special merit, and there was no evidence of mercenary motive. The idea of fixing a date after discharge, was for this purpose: That it could be safely assumed that if there was a bona fide promise of marriage, prior to enlistment or within a year after discharge, or two years after discharge at the outside, it could be safely assumed that that engagement was bona fide, and that the marriage should be recognized.

Mr. CLARK: There will be a great deal of bitterness if we distinguish between the clauses. I have a letter that was handed me by the mayor of a city of considerable size in the west citing the case of a man who went to the war, and whose three sons also went to the war. One of the sons was killed; another son was very badly wounded, but recovered, and married in 1922. This man expressed great bitterness, disappointment and surprise that the widow of this son of his is not protected in any way for pension. He has to take charge and he cannot understand it. If we are going to give it to one, who was married in

[Mr. J. R. Bowler and Mr. F. L. Barrow]

1921, and refuse it to one who was married in 1922, I think it would give rise to a rather serious question.

Mr. THORSON: May I ask you, whether you have any record of the number of marriages since September, 1921?

Mr. BARROW: No, I have not.

The CHAIRMAN: He could not have.

Mr. BARROW: I have first-class instances falling within one kind of class or another in my office, but I could not have any idea of the number.

Mr. THORSON: You would not be able to give any information as to how many people would be affected if we advanced the date from September, 1921, to say, two or three years later.

Mr. BARROW: The Board of Pension Commissioners would have that on file, because when the man dies, or the pensioner dies, his widow's claim naturally would be considered, and there would be a record in the office of the Board of his post-war disability. I think they would have information as to the exact number.

Mr. THORSON: They would have a record of the claims that have been put in, but they would have no idea of the prospective claims that might arise.

Mr. BARROW: They would have a record that would simply show the number of applications for additional marriage allowance for the pensioner, because when he marries they would have the date of marriage. He draws additional pension from that date for his wife until the date of his death.

Mr. THORSON: That might give us some information on the subject.

Mr. BOWLER: They could tell you the number of single pensioners.

Mr. BARROW: They could do that. The organized veterans in Canada have always taken care, when putting forward this question, to have regard to the possibility of imposition on the country by death-bed marriages, or by pension-hunting marriages.

Mr. MCGIBBON: These are all leading that way, one step at a time.

Mr. BARROW: Many cases have come to my notice, and I have looked very carefully, and we find no trace of women deliberately entering into marriage with a man on his death-bed. She would be very foolish to do so, because the law definitely says she will not be pensioned.

Mr. MCGIBBON: All these things are opening the door which has been opened in the United States.

Mr. BARROW: I was going to say that we hoped that restrictions could be put on whereby a man, disabled in the service of his country, will be able to marry and have some protection for his widow. But if that is done, we fully realize that there will have to be some safeguard as to the bona fides of the marriage.

Mr. THORSON: You have not any safeguard provided for in this proposed amendment. You are assuming that all marriages that took place after discharge and prior to the 1st September, 1921, were bona fide marriages?

Mr. BARROW: Since 1922. That has been the assumption, yes. It is safe enough, for this reason: that publicity was given, very shortly after the passage of the Pension Act, to the law. Therefore, a woman would be foolish to enter into a contract in anticipation of the law being changed. In any event, this goes back; there will be no deliberate marriages now. Supposing you made it to to-day, that any marriage contracted up until to-day would be all right.

Mr. THORSON: I was going to suggest the same argument. Even although the date were advanced two or three years, or four years, the same argument would apply. The women would have received notice that they are not eligible for pension.

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

The CHAIRMAN: I will put it to you this way: Supposing in 1919, the Committee had seen fit to recommend that in the case of marriages which took place after the appearance of disability, and up to that time, there would be a pension. I have no doubt that at that time it would have become law had the Committee recommended it, but the Committee did not recommend it.

Mr. MCGIBBON: We fought for it, but they would not stand for it.

The CHAIRMAN: Do you think to-day that that agitation would cease? Do you think that we would not have people coming before us again saying what should be the distinction between people marrying before the 1st of May, 1919, and people marrying before the 1st of May, 1922, as General Clark has said?

Mr. MCPHERSON: I think that subsequent applicants would have a much stronger case for the extension of the Act, even three years from now, because they would have the fact that we had already extended it.

Mr. MCGIBBON: It looks to me as if we are up against this problem: governments come and go and this problem will always be coming and going in legislation. We have got to keep that end in view because we are undoing a lot that has previously been done, and doing a lot that has previously been left undone.

Mr. BARROW: If there is any question as to the propriety of the principle of the "blanketing-in" I would like to say some more. I thought that probably the bills which I referred to, and read into the record, would have established that there was a general agreement with the principle of the "blanketing-in" period, and that the only question was as to how long that "blanketing-in" period should be. If there is any doubt in the minds of the members of the Committee as to whether the "blanketing-in" period is proper, that re-opens the argument.

Mr. MCGIBBON: That is going to re-open the whole case.

Mr. THORSON: I would like to hear what you have to say on the propriety of the subject.

Mr. BLACK (Yukon): What was the idea in limiting it to 1921?

Mr. BARROW: That date was fixed as being the end of the war. I do not think that there was any idea in our minds except that we felt that that would be the minimum date which this Committee would be prepared to recommend. As I said, it is not sufficiently long to cover the deserving cases, of which I personally know, and of which, I think, probably every member of the Committee knows.

Mr. MCGIBBON: It would only be a matter of keeping on extending.

Mr. HEPBURN: I think Dr. McGibbon's point is well taken. If we do not watch this thing, we are going to be in the same position as the United States were in after the Civil War.

The CHAIRMAN: They are paying five and ten times more to-day than they were paying twenty years after the war.

Mr. HEPBURN: Take the ratio of war veterans compared with the population of the United States, and compare them with Canada to-day and you can see the magnitude of the problem we will have in the future if we go on with this principle. I think it is the most dangerous thing that has been brought up yet.

Mr. BOWLER: I do not think there is any parallel to be drawn between this suggestion and the condition existing in the United States. That is due to the fact that they allowed the principle to become law, that a person could inherit a pension from somebody else.

Mr. MCGIBBON: A man eighty or ninety years of age might marry a young girl and she would get the pension. It would start at twenty-one, and then be twenty-five and thirty.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. BOWLER: The United States law extends to ten years after the date of discharge.

Mr. MCGIBBON: We had the figures here a few years ago, and pensions only reached their height about ten years ago.

Mr. MCPHERSON: I think they reached their height in 1913.

Mr. GERSHAW: I would like to ask the witness if he can give us the number of cases that are really suffering.

The CHAIRMAN: We all know of them, I do not think there is any doubt at all.

Mr. GERSHAW: We certainly should try to get something that would cover these deserving cases.

Mr. MCPHERSON: Do you not think we ought to fix this thing in a broader sense now? Providing this is agreed to and made law to-day, fixing any date you like, is it not the natural thing that that will be asked to be extended as soon as the time expires? Then subsequent to that, if it is given to the women, and the women are entitled to a pension under the amendments, if they have children and the husband and father both die, will not the next amendment be to give it to the children? I am pointing out these things as coming in the future, under this system of amendment.

Mr. MCGIBBON: They will come just as sure as the sun rises.

Mr. MCPHERSON: The one thing I do not like about refusing such an amendment is the penalizing of the soldier to a certain extent because he is unfortunate enough to be injured, and so is doomed never to marry except at his own expense and risk, and the wife or widow would have to take the same risk. I do not like that.

Mr. BOWLER: I think I am safe in saying this: So far as the Legion is concerned, we are not insisting on the arbitrary time limit at all. That is, we are not asking that within a certain time all marriages shall be registered. We are quite prepared, if some basis could be found for adjudication, to have each case considered on its merits. In that regard, I cannot do anything better than to refer you to the report of the Ralston Commission. They went into the case most exhaustively, and very, very carefully into the recommendations they brought in. They came to the conclusion that there were three classes of cases which warranted special merit. The first class was where subsequent developments showed that the disease must have existed at the time of marriage although its presence was not recognized. In other words, it had not appeared. That is a bona fide marriage between two parties, neither of whom has any suspicion that anything is likely to happen due to war service. The second case is where the marriage took place after the first appearance of the injury or disease, but at a time when the disease had subsided, and there was no reasonable expectation that such injury or disease would be a factor in hastening the death of the man. This is the case of a man who has had a disability but who has every reason in the world to believe it is cleared up, and he marries. The third class is, as I mentioned before, that of bona fide engagements, where the marriage is in no sense caused by the prospect of a pension. If, without insisting on the time limit, we could arrive at some basis whereby the cases within these classes could be adjudicated upon—lay down limits that you must not go outside these classes, if you like—it might be a solution.

Mr. THORSON: And pay no attention to time?

Mr. BOWLER: And pay no attention to time.

Mr. THORSON: So long as the marriage falls within one of these three classes?

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. BOWLER: Yes. I think you will find that the Legion is not inclined to be at all contentious about the question of a time limit. It is equally anxious with you to avoid marriages which are obviously death-bed marriages.

Mr. MCGIBBON: Do you not think that you had better think it over and see if you cannot recommend some other solution?

Sir EUGENE Fiset: Were the three recommendations from the Ralston Commission ever put in the form of a bill?

Mr. BOWLER: Yes, sir. Mr. Barrow read them to you.

Mr. THORSON: When was that?

Mr. BARROW: 1924 and 1925.

Sir EUGENE Fiset: And that was approved by the House of Commons and never became law?

Mr. BARROW: Never became law.

Sir EUGENE Fiset: Why?

The CHAIRMAN: It was taken out by the Senate.

Mr. BOWLER: That is another point that is perhaps a rather forcible argument. There must be some merit in a principle which is approved four times by the House of Commons.

Mr. MCGIBBON: There also must be some merit in a rejection made four times by the Senate.

Mr. BOWLER: That is a matter for deduction, is it not?

Mr. McPHERSON: I would suggest that the representative be asked to redraft the amendment to that clause.

Mr. MCGIBBON: I second the suggestion of Mr. McPherson.

Mr. McPHERSON: Try to find a cure for this thing from another angle.

Sir EUGENE Fiset: And consult also with the Board of Pension Commissioners.

Witness retired.

Mrs. J. A. WILSON called.

The CHAIRMAN: Mrs. Wilson, representing the National Council of Women, has some suggestions to make with regard to the very sections which we have been discussing.

Mrs. WILSON: Mr. Chairman, and gentlemen: I have come here to-day representing the National Council of Women. It should have been represented by the lady who has this particular branch of work in her special care, Madame de Salaberry, but she was not able to come out. She asked me to do the best I could with a less wide knowledge than hers.

I would like to tell you that the Council is not at all a local thing, it extends from coast to coast. We have branches in all the larger cities all over Canada.

These suggestions, which are virtually those of the Legion, have been sent down to all our branches and were voted on at our last annual meeting a few months ago. They were also brought up at the last meeting a few days ago. The women of the country have given these things some consideration, and there was not a shadow of doubt, as far as I could see, in their minds as to the desirability of some such alteration. They all knew of cases, and they were all emphatic that the Pension Bill should be amended in this way. While I may be a very poor exponent of our case, it was perfectly clear that all women—we are very widely representative, because the National Council is a collecting

[Madam J. A. Wilson.]

organization for all women's organizations of the country—I take this opportunity to assure you that the women were really in favour of these amendments.

They resolved:

Be it therefore resolved, that the National Council of Women, in Annual Meeting assembled, do endorse the enclosed memorandum requested of the Pension legislation by the Canadian Legion of the British Empire Service League; with special regard to that section which affects the marriage laws.

That section 32, subsection 1, be amended as follows: after the words “resulted in his death” add “or before the first day of September, 1921.” (The official date of the declaration of peace).

While the necessity of protecting the country from imposition by fraudulent or death-bed marriages is fully recognized, the great majority of widows affected appear to fall in the following classes.

Would you like me to read them over?

The CHAIRMAN: They have already been referred to in the memorandum of the Legion which we have before us.

Mrs. WILSON: We know of many cases of bona fide engagements. There have been women who have been engaged to be married to men who went overseas. When they came back, somewhat injured by the war, in bad health, and so on, it would not have been decent of them to have turned those men down. It was perfectly clear that an honourable girl, devoted to the man she was engaged to, would marry him regardless of whether he was able to support her, or whether she would have a pension or not.

Then, there are the other cases where women married able bodied men, with good service, and without any suspicion that there was anything wrong that would lead to death. Yet, before their second child was born, the husband had died, leaving them totally unprovided for. Pensions have been allowed to the children, which shows the cases must have had sympathetic appreciation, and yet no pension is allowed to that young wife.

These are only two of the very many cases which come before the Board. While I say “very many”, I do not think the total number would be very large, because in each individual place I do not find a very large number. I think the cases are pretty well known, but I do not think there is such a terrible fear of opening up a sort of United States business on that.

I think, when you come down to hard facts and you know your case, you will be able to arrange legislation in such a way as to benefit those women who are really injured now, without opening a loophole for the mulcting of the country.

It is a very great problem. Why should these men, who have already suffered greatly, why should they have no opportunity of living the remainder of their lives in some kind of happiness? Moreover, a great many of these cases are poverty-stricken. It is all very well for those of us who are fairly well to do to object to a man marrying when he is disabled, but where a man is too poor to afford very satisfactory medical attention; too poor to have adequate nursing unless he has a proper home and a kindly woman in that home; what is he going to do? You really penalize your unfortunate returned man to a most unnecessary extent. On humanitarian grounds, I would beg of you to think very seriously before turning down these amendments, which, after all, have been approved of and appreciated four times already.

There is another point, perhaps a minor one. Ultimately the country has to keep these people. The woman comes on the municipality; she comes on the charitable organizations for support if she has not got it from her husband.

[Madam J. A. Wilson.]

It is far more satisfactory for the country, and far more satisfactory for the families, if that woman has a pension. She can hold up her head, instead of being dependent on municipal welfare work, which may have a taint of pauperism and a certain amount of harshness in its application. It is so much better for them to have a very small pension by honourable right. Now, Mr. Chairman, I do not think I need to take up your time to any great extent, but I hope you will realize that the women are very strongly behind this.

By Mr. Thorson:

Q. Mrs. Wilson, may I ask how many different women's organizations are included under the leadership of the National Council of Women?—A. Well, we are ranged with local councils, and we vary in numbers; the members are affiliated with us through the Local Council in a great many cases. In the City of Ottawa there are nearly 100 affiliated in the Locals, and they come under the National. We have besides 12 or 14 of the largest women's organizations affiliated with other council, but the local organization takes in almost all of the woman's organizations around the country. There are some which are not affiliated; for instance, we have here the Catholic Women's League and the Hadassah, very large organizations, which are not affiliated with the National.

Q. Can you tell me what the membership of the various organizations throughout the country is, which is affiliated with the National Council?—A. I could not be absolutely exact, due to overlapping, but I believe there are between 400,000 and 500,000 women connected with the National Council.

Q. About half a million throughout Canada who are connected in some sort of way with the National Council of Women?—A. Yes, and we have not had a dissenting comment on this legislation from these women.

The CHAIRMAN: Are there any further questions to ask the witness? If not, we thank her for her attendance.

Witness retired.

JOHN R. BOWLER and FREDERICK L. BARROW recalled.

Mr. BOWLER: Just in connection with the United States law and the point raised by Mr. McGibbon—this is the law as it stands at the present time—I think it is known as “The World's War Veterans Act”, although I am not sure. It does not state the title but it says: “The term ‘widow’ as used in this connection shall not include one who is married to the deceased later than ten years after the time of his injury”.

Mr. MCGIBBON: I was referring to the Civil War; and we have known of hundreds of cases where old pensioners eighty and ninety years old have married young girls, and their pensions were carried on. I am not quarreling with the object you have in view, but only with the method.

Mr. BOWLER: With regard to the attitude of the Board of Pension Commissioners, I would like to point out that in May, 1921, the Board of Pension Commissioners recognized to some degree the same principle we are advocating here. It was in a letter which appears on page 24 of the second interim report of the second part of the investigation of the Ralston Commission dated May 16th, 1921, signed by John Paton, Assistant Secretary of the Commission, and addressed to Mr. Hume Cronyn, who was the chairman of the parliamentary committee on pensions. It was thought that the section was not as clear as it might be, and they go on to suggest an amendment reading as follows:

No pension shall be paid to the widow of a member of the forces unless she was married to him previous to the time at which the pensionable injury or disease which resulted in his death manifested itself as to

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

be recognizable as such by medical men or prior to the recurrence of the pensionable injury or disease which had been so improved as to remove the resultant disability at the time of marriage; and further unless she was living with him or was maintained by him, or was, in the opinion of the Commission, entitled to be maintained by him at the time of his death and for a reasonable time previously thereto.

That is the way the Board of Pension Commissioners, in 1921, suggested this should be done. It is one of the three clauses recommended by the Ralston Commission.

The CHAIRMAN: I think every member of the committee knows a great deal about this question, and we will possibly have some discussion on it at a later date. I do not think there is any necessity of hearing any further witnesses on it now.

Mr. McGIBBON: Unless it might give us some other way of arriving at a decision. I am not objecting to the object, but I do not like their method of obtaining it.

Mr. BARROW: You cannot get anywhere with the section as it is at present; you have to amend the section.

Mr. McGIBBON: I am not objecting to amending it.

Mr. CLARK: Were all the amendments we passed in previous years the same?

The CHAIRMAN: No.

Mr. CLARK: Have you copies of those amendments?

The CHAIRMAN: They are in the Act.

Mr. CLARK: Have they been read into the record?

Mr. BARROW: I have read three of them in; the fourth is a repetition of the third.

The CHAIRMAN: Let us pass on to the next suggestion.

Mr. BARROW: The next suggestion is No. 27, which reads:

That section 33, subsection 7 be amended by the deletion of the words 'in Canada' and the substitution of the words 'within the British Empire'.

I might say this has to deal with pension for parents, or persons in the place of parents, including widowed mothers. Section 33, subsection 7 reads:

7. The pension to a widowed mother shall not be reduced on account of her earnings from personal employment or on account of her having free lodgings or so long as she resides in Canada on account of her having an income from other sources which does not exceed two hundred and forty dollars per annum; such income being considered to include the contributions from children residing with or away from her whether such contributions have actually been made or are deemed by the Commissioners to have been made.

It is proposed that the words "in Canada" shall be amended to read "within the British Empire."

The CHAIRMAN: Can you give us an example of that?

Mr. BARROW: The case of a widowed mother living in Newfoundland or Jamaica or England or within the British Empire who makes an application for pension; if she has an income of \$240 per annum the tentative award which is deemed proper by the Pension Board is reduced by the amount of that income. It is taken into consideration when determining the amount which shall be paid. The award to the widowed mother is based on the extent of her dependency on her deceased son, and then to that extent it is reduced by the

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

amount of the income which she may have. If she lives in Canada, that income, provided it does not exceed \$240 per annum, is exempted; so to speak.

Mr. BLACK (Yukon): But not so outside of Canada.

Mr. BARROW: Not so outside of Canada, although still within the British Empire. There are cases of apparent discrimination there.

Mr. McPHERSON: What are the relative rights under the same conditions between the widowed mother of a member of the Imperial forces living in England and the widowed mother of a Canadian soldier living in Canada?

Mr. BARROW: The only difference would be if the boy was a Canadian or had pre-war residence in Canada.

Mr. McPHERSON: I was referring to an English mother of a soldier of the Imperial forces—of the British army.

Mr. BARROW: Of a boy killed in the British army? She would get the Imperial rate; I believe that is five shillings a week—upon the death of her son.

Mr. McPHERSON: Would it be greater or less in Canada?

Mr. BARROW: Much less in England. Of course, the amount payable in Canada is purely discretionary with the Board of Pension Commissioners, providing it does not exceed \$60 a month. That is the only limitation that restricts them.

Mr. MacLAREN: Is there a limitation under the British system as to being a resident of Great Britain?

Mr. BARROW: There are a number of allowances under the British system; it is difficult to pick out exactly the one which would apply, but I think probably the award which would apply, in a similar case, is what is known as "the need pension," which is five shillings per week.

Mr. MacLAREN: Is it limited to Great Britain, or does it extend to residence in Canada?

Mr. BARROW: That would apply to the mother of a boy who served and was killed with the Imperial forces, who was living in Canada.

Sir EUGENE Fiset: In other words, the Imperial pension applies all over the British Empire, while ours is limited to Canada.

Mr. MacLAREN: Is that the case?

The CHAIRMAN: Not exactly limited to Canada. On account of higher living conditions in Canada, we have provided a slightly higher pension, but if the widowed mother should decide to take up her residence in England, her pension would be slightly diminished.

Mr. CLARK: She does not lose it?

The CHAIRMAN: She does not lose it; if she has \$240 a year of her own she would not get a pension. (To witness) Is that the interpretation?

Mr. BARROW: More or less.

Mr. BLACK (Yukon): She would get a pension over and above that amount; if the pension amounted to more than that, they would deduct the \$240, similar to the old age pension.

The CHAIRMAN: Exactly.

Mr. BARROW: A woman living in England, the mother of a Canadian soldier, with an income of \$20 a month would receive nothing if the Pension Commissioners decided that the extent of her maintenance was approximately one-third of the sum; if she did not have that income of \$240, they would probably award her about \$20 a month, but if she had that income she would get nothing in the way of pension.

The CHAIRMAN: In any case she is better off than the widowed mother of an Imperial soldier.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. BARROW: She would get about \$5 a week plus old age pension.

Mr. BLACK (Yukon): But if she lived in Canada and had an income of \$240, she would still get the pension?

Mr. BARROW: That would still be taken into consideration.

The CHAIRMAN: We will now pass on to the next.

Mr. BARROW: Proposal No. 28 of our program: This is briefly a prospective dependency of a dependent brother or sister. The present law requires that a sister, to receive a pension, shall be dependent upon her brother who was killed, upon the date of his death. If for any reason on that particular day she was not dependent on him, there is no discretion under the Act; the Board of Pension Commissioners are not allowed to award a pension. In our program here we cite an example. There are very few of them, but those which there are of a dependent sister are naturally very distressing. This young girl lives in Ottawa now. She was living with her mother before the war and the boy was contributing to the support of the household. During service he continued to contribute to the support of the household. Just before he died—he was killed on July 31, 1918—through some friends his sister secured a position as assistant bookkeeper with the Grain Growers' Guide at Winnipeg. She was a hunched back, and is badly deformed and has a bad heart; she was never really able to do this work, but she kept on at it for a few months, during which time her brother was killed. The Board of Pension Commissioners investigated and found that she was working and earning, I think, \$18 a week. After a lapse of a few months she naturally broke down again; she was never fit to do the work, and as the law stands at the present time there is no possible chance of getting a pension for her.

Mr. CLARK: Had he assigned any pay to her?

Mr. BARROW: To the household; the pay was assigned, if I remember correctly, to her mother and went jointly to the support of her mother and herself.

The CHAIRMAN: In a broad way this suggestion opens up a very wide field which may be extended to brother and sister prospective dependents. The witness will not forget that one of the suggestions of the Legion made yesterday, or the day before, was that dependency should be assumed in the case of the parents, but if we are going to assume that in the case of brothers and sisters, we are going pretty far.

Mr. HEPBURN: In that case he cited, there seems to be a certain amount of merit.

Mr. THORSON: There may be an assumption in the case of parents, but in the cases of brothers and sisters we might properly assume it in one case, but not in the other.

The CHAIRMAN: Can we have that case again?

Mr. MCPHERSON: Is this girl an orphan?

Mr. BARROW: No; her mother is living.

Mr. MCPHERSON: If the Act requires amending, could we not amend Clause 2 instead of clause 3?

Mr. BARROW: Except that clause 2 only refers to orphans where dependency is otherwise described.

Subsection 3 reads:

No pension shall be paid to or in respect of a brother over the age of sixteen or a sister over the age of seventeen years.

This seems to bring in an opportunity to introduce the prospective dependency proposal.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. McPHERSON: Would it not be better to enlarge the class that would come in than to wipe out the classes that would be barred.

Mr. GERSHAW: Their suggestion is to—

Mr. McPHERSON: Wipe out the whole class.

Mr. BARROW: Section 3 merely sets forth, as I see it, that a pension which has been awarded to a brother or sister shall cease at the age of sixteen and seventeen years respectively.

Mr. McPHERSON: And you want to wipe this out?

Mr. BARROW: This is a proposed addition to that; there would have to be an amendment to that section in order to permit any consideration of that; you could call it 3(b), if you liked.

Mr. CLARK: In the case you have just cited is it not eligible under section 21?

Mr. BARROW: The meritorious clause? Broadly speaking, any case may be eligible under clause 21.

Mr. CLARK: I am not so sure. If it is a class of case which comes within the Act, I am not so sure that the Board of Pension Commissioners has not taken the view that it can be dealt with under the meritorious clause. If you cut out the age limit in section 3, it is possible it could not be dealt with under the meritorious clause. By leaving it as it is, it could be dealt with under the meritorious clause, if she is over sixteen or seventeen.

Mr. BARROW: It appears to be the practice that a case cannot be dealt with under the meritorious clause, at least successfully, if it is definitely ruled out by some other section of the Act. The point is, is section 34 (3) sufficient to rule out this case? It is a sister over the age of seventeen to which subsection 3 of section 34 applies, that no pension shall be paid to the sister.

Mr. McPHERSON: If the meritorious section 21 can only be used where cases are not ruled out by other sections of the Act, what is the value of it? Because, if they can come under other sections of the Act, they do not read that section.

Mr. BARROW: I understand that that clause was put in to cover any case which did not form part of the classification, and was therefore unforeseen. It was neither provided for, nor objected to in the Act.

The CHAIRMAN: It seems to me clear that she would be a dependent. If there is a difficulty about it, we might describe the dependent, as being a prospective dependent.

Mr. CLARK: We ought to find how this section was administered, and how it has been applied.

The CHAIRMAN: When the representative of the Pension Board comes before us I think we might explore all the possibilities of the clause, because the whole Pension Act depends on how this clause should be applied. We will save the country a continual revision of the Act if we can get a compassionate meritorious clause that will cover it.

Mr. CLARK: And the section administered as it is intended by Parliament it should be.

Mr. Ross (Kingston): I should like to ask the witness further in regard to this particular case. An ex-service man was killed, or died on service, and you said he was contributing to the family. Was the pension granted to any person on account of the death? Was it granted to his mother?

Mr. BARROW: I think not.

Mr. Ross: If it was granted to the mother, should the daughter come in for a second pension?

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. MACLAREN: Why not? The mother was not a dependent.

Mr. BARROW: I think the mother was not a dependent. I can get more definite information on that.

Mr. MCPHERSON: I suppose it arose from this girl being employed at the time the man was killed. She was only there a few weeks.

Mr. BARROW: Yes.

Sir EUGENE Fiset: Had you taken means to have that case dealt with by the Pension Commissioners?

Mr. BARROW: It has been taken up before the Board of Pension Commissioners several times, and we have been unable to make any progress towards the settlement of it.

Mr. CLARK: What was the reason? Was the application put in the form of a meritorious claim? Or has the claim been made under that special section as to the age-limit?

Mr. BARROW: We have asked them to consider this particular case—

Sir EUGENE Fiset: In any way at all?

Mr. BARROW: Yes.

Mr. HEPBURN: Did the mother draw a pension?

Mr. BARROW: I think not.

Mr. MACLAREN: Were the parents of this girl able to assist in the support of his daughter? I suppose the girl is naturally dependent on her father and mother?

The CHAIRMAN: Shall I ask the Secretary of the Board of Pension Commissioners to tell us about this?

Mr. HEPBURN: As I say, you open the door wide for another class entirely. It is very easy to establish extreme cases in matters of this kind. In the time of conscription, they made provision for extreme cases. They found that half the people in the country were suffering from rheumatism and so on. In the case of the Home Bank extreme cases were cited. I would rather see it dealt with under the meritorious clause, but we cannot open the door for other cases, because if you do, you are going to have the Pension Commissioners crazy in two years.

Mr. BARROW: The results under the meritorious clause are so unsatisfactory that we rather hesitate to put up a case if there is any other possible hope of securing compensation for them.

Mr. HEPBURN: There are very few cases.

Mr. BARROW: There are a few. But it is a class of case. I think that the words "The prospective dependents, brother and sister" were overlooked when this clause was put in. These words were omitted. That is in clause 28.

Mr. MACLAREN: If this girl's father and mother were in the position of supporting her, she is a dependent of her parents quite as much as, or more than, she would be a dependent of the soldier who was killed.

Mr. HEPBURN: I think we should make this a test case, get the facts, and see where we stand, and judge how the meritorious clause has worked out.

Mr. MACLAREN: Have you an answer to my question.

Mr. BARROW: In that case, there was a dependence upon the boy.

Mr. BARROW: I have not a precis of the case, but to the best of my memory, the girl was living with her mother in Winnipeg, and the boy sent money to that home.

Mr. THORSON: She would be a dependent mother.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. BARROW: Well, both of them were jointly dependent. The girl was a chronic invalid.

Mr. HEPBURN: We might get the name.

The CHAIRMAN: If we had the representatives of the Board of Pension Commissioners before us, we could ask then if they knew about the case.

Mr. CLARK: Could we not have some one go through the evidence which has been given and work out for us the points which we should take up with the Commissioners when they are called. I am afraid we are going to overlook some of the points.

Sir EUGENE Fiset moved that Mr. Thorson and Mr. Clark be appointed a subcommittee to deal with this matter.

Motion agreed to.

Sir EUGENE Fiset: I think that the Committee should take cognizance not only of special cases, but of other cases.

Mr. McPHERSON: They might take cognizance of other cases.

Mr. BARROW: There is nothing more contentious in proposal 28.

The CHAIRMAN: Then we take up suggestion 29.

Mr. BARROW: Clause 29 is simply there to take care of the alteration of the Act consequent upon the proposal in 28.

The CHAIRMAN: That finishes up the proposal in regard to pensions from the Legion, except that Mr. Bowler wishes to refer again to suggestion No. 9.

Mr. McPHERSON: Before we forget it, I suggest that Mr. Bowler and Mr. Barrow, together with the representative of the Pension Board or Department—it does not matter which—see if they can redraft suggestion 22, covering section 32, in accordance with what they think might be a proper thing to do.

Mr. BOWLER: We will undertake to do that.

The CHAIRMAN: Then, with regard to suggestion 3, page 2 of the proposals of the Legion, we had discussed that and it was decided to leave it over for further consideration.

Mr. BOWLER: Suggestion 9 on page 2 of the proposal has to do with the unpaid balance of pension due to a deceased pensioner. There is a section in the Pension Act, Section 20 of the Revised Act, which says:—

4. The unpaid balance of pension due to a deceased pensioner shall not be deemed to form part of the assets of his estate.

5. The Commission may, in its discretion, pay such balance to his widow or children or to any other person who has been maintained by him, or may apply it, or a portion of it, in payment of the expenses of his last sickness and burial.

6. If no order for the payment of such balance is made by the Commission such balance shall be paid into the Consolidated Revenue Fund of Canada.

The suggestion as it appears is not as passed by the Legion convention in Winnipeg. Several amendments were introduced, and since we discussed this before, we have ascertained the true tenor of the resolution. It was simply this: that the unpaid balance of pension due to a deceased pensioner shall be deemed to form part of his estate, and it stopped there. In other words, it means that the subsection I read out to you should be deleted. This is really based on the principle that pensions are awarded as a matter of statutory right. The Pension Act, section 11 says, that pensions shall be awarded by the Board of Pension Commissioners, and it was felt that where a man was entitled to a pension, or an award of pension had been made prior to his death, which had

[Mr. J. R. Bowler and Mr. F. L. Barrow]

not been paid over to him, it should be treated as part of his estate, and it should go under his will as he directed, or if there were no will, then it should go to the next of kin, according to the law of the particular province in which he resided, and should be subject to succession duties; in other words, treated exactly as any other estate.

Mr. McPHERSON: At the present time, how do they handle it?

Mr. BOWLER: At the present time, they may, in their discretion pay to any one who has been maintained by him. They bring in the question of actual dependents.

Mr. McPHERSON: Looking at this from the soldier's standpoint, which I presume is your standpoint, do you not think that you are making a very dangerous change? If you make this part of the soldier's estate, you are going to make it subject to the demands of the state. Take the Province of Manitoba, with which you are acquainted as well as I am. Here is a certain estate in that province. If a man dies, this money will not go to his heirs, but will go to his creditors. He is very apt to have creditors. Lots of them have creditors. If you leave the clause in its present condition, it can be paid to his dependents, no matter if it is legally a part of the estate. The intention of the pension is not, to pay his debts, no matter how just they were, but to protect him and his dependents. Do you not think you are opening it up so that the money will be distributed to his creditors, and not to his dependents?

The CHAIRMAN: Under the law of Quebec, the object you have in view would be defeated.

Mr. THORSON: Are you not departing from the principle behind the Pension Act? The principle behind it is that this pension is awarded to him for the purpose of assisting him to live. Now, you want to pass on the benefit that might have accrued to him during his life time to some one else who might not necessarily be a dependent, as Mr. McPherson and the Chairman pointed out, who might be a creditor.

Mr. BOWLER: May I go further and explain that I realize in full what Mr. McPherson has pointed out. I also want to say that from our knowledge there has been very little trouble about this particular section, and we are not anxious to disturb any section which has been working well, nor do we want the money to go to people who have had nothing to do with war service; made no sacrifice, and rendered no service to the state. I admit all that. The same question comes in again in the application of the words "maintained by him". There are cases—I can cite one in Winnipeg—where a single man died. Shortly before his death, he was found to be entitled to a pension, and an award of pension was made to him. I cannot give you the figures, but they can be produced. Before he got the award, he was taken to the hospital, and placed on the strength of the D.S.C.R., and died in that position. There are two sisters, and these two sisters—and this can be confirmed to your satisfaction—are both old and infirm. They are both without education, both have to earn their living, and have to work for it. We applied to have the unpaid balance of pension paid over to the two sisters. There was no evidence of any estrangement between the brother and the sisters, although it is equally true there is no evidence that he directly supported them.

Sir EUGENE Fiset: Do you happen to remember the amount?

Mr. BOWLER: I cannot say. I think it was substantial; I think it was something over two thousand dollars, if I remember right. We asked to have it paid over to the two sisters. It was rejected on the ground that, under this clause, it had to be shown that the sisters had been maintained by the brother. We could not prove that. Then we tried to take it up under the meritorious

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

clause. One would naturally fancy that that was a case where the meritorious clause might well function.

Mr. McPHERSON: Was she supporting him previously?

Mr. BOWLER: No. That is the difficulty; there is no evidence of support, but, on the other hand, they are deserving. As I said, there is no estrangement in the family, nothing of that sort. When you get to the meritorious clause, it says, "any member of the forces or any dependent of a member of the forces".

Mr. McPHERSON: With all due deference to you, Mr. Bowler, you are suggesting a change here to cover one or two, or perhaps a hundred cases. I think every man in this room will agree with me that if an advertisement went out in an estate that there was so much money belonging to a soldier's estate, and asking for claims, hundreds and hundreds of claims would come in for debts, perhaps incurred before the war, under covenant, or since the war. In any event, I am opposed to the creditors getting any money for debts incurred before service. I think they have to bear that loss themselves. If there are no dependents that have a good and just claim on that money, I do not know that any other people are entitled to it other than the creditors. I think you will get ten men into trouble for every one you get out.

Mr. BOWLER: The difficulty is that we have to suggest some remedy, and that is the one the convention suggested. As I said before, we are not hide-bound on any suggested form whereby it may be done. If that meritorious clause was amended, was broadened to permit an application to that Board in a case of that kind—

Mr. THORSON: Did your convention press this particular point very strongly?

Mr. BOWLER: No.

Mr. BLACK (Yukon): I think an amendment to the meritorious clause would be the best way to get over it.

The CHAIRMAN: I do not think we should amend the meritorious clause. There was no dependency; it was just simply a case of hard luck that happened to be related to the pensioner.

Mr. BLACK (Yukon): If you want to cover such cases.

Sir EUGENE Fiset: I think the only thing you can do is to ask your committee to give special cases.

The CHAIRMAN: That closes the evidence for the time being. I am informed that the representatives of the Legion may have further representations to make at a later date, and perhaps some criticism of the suggestions made by the Department.

Witnesses retired.

R. HALE, called and sworn.

The CHAIRMAN: Mr. Hale has four suggestions to make with reference to amendments to the Pension Act.

The WITNESS: Mr. Chairman and gentlemen: I am here to-day representing the Tuberculous Veterans' Section of the Canadian Legion, being its national representative. The old Tuberculous Veterans' Association merged with the Canadian Legion in October, 1926. At that time certain constitutional rights were granted that association, and one of those rights provides for the presentation of legislative requests dealing particularly with the tuberculous and chest disabled problems.

I may say that the general proposals of the Legion have our entire support and are endorsed by our Section. I am most happy to have heard the little

[Mr. R. Hale.]

discussion regarding the meritorious clause, because that happens to be the first clause we wish to deal with. With your permission, I would be glad if you would permit Captain Gilman, who is the Dominion Adjustment Officer for the Tuberculous Veterans' Section, to assist in presenting these requests to you.

Our first request is that section 21 of the Pension Act, known as the meritorious clause, be amended so as to provide for an award of pension in any case within the provisions of the Pension Act, but where the evidence has not been found sufficiently convincing for an award as of right. In explaining that, I may say that no pension legislation ever enacted has been so disappointing to the service men as the meritorious clause. It was generally thought by all concerned that any case having real merit, but which had not been conceded a pension by the Board, should be dealt with under this clause. In the Ralston Commission's Report, page 13, section 12, it is believed that the purpose in mind was to permit of the consideration of cases of special merit and hardship on joint deliberation by the Federal Appeal Board and the Board of Pension Commissioners. It has been obvious for some years that the meritorious clause, as it exists at present, is useless. Without stressing the matter further, because of the discussion which has already taken place, it seems quite clear that there is a desire to amend this clause and make it really workable.

We are prepared to accept the first portion of the Government's proposal defining the cases to be considered under the meritorious clause, as explained in the draft bill, but we differ regarding the application. We would respectfully offer the suggestion that cases of special merit should first be considered by the Board of Pension Commissioners. If their decision was unfavourable to the applicant, there would exist the right of appeal to the Federal Appeal Board, whose decision would be absolutely final and binding on all parties. In putting forward this suggestion, we think it is consistent with established law and practice to have one final authority.

In support of our request, may I cite you a case to illustrate the type of case we aim to benefit. A school teacher enlisted and during his period of service in France was hospitalized for tonsillitis. Following his return to duty he suffered much from the wet, cold and exposure. On demobilization taking place soon afterwards he returned to his former occupation. He felt that he was not as strong as formerly, tiring very easily, but put these down to the reaction following his war service. For four years he carried on his duties as a school teacher. Sometimes he had a little pain in the back, often he had headaches, and was easily fatigued. His work not being of a strenuous character, and the two months' summer vacation, with other intermittent holidays, gave him opportunities to rest. Finally the pain in his back became severe and he realized that he had become debilitated, so he consulted a doctor. It was found that he had tuberculosis of the right kidney, and an operation was carried out and the kidney removed. Two years later his remaining kidney became affected with tuberculosis, and he died. You will see that it is quite impossible to obtain evidence of continuity of symptoms in a case of this character. The man kept his own counsel, and his medical consultation revealed his kidney trouble then to be of a very far advanced type. The specialist said that probably the infection from the tonsillitis on service was the primary cause, followed by exposure, etc., but you will realize how impossible it is to prove the existence of the intervening symptoms.

It is our desire that cases of this character, which it has been found cannot be established under the existing regulations, be dealt with under the meritorious clause because of their great merit.

By Mr. Thorson:

Q. May I ask there if that individual case could now be dealt with under the section suggested in the draft bill?—A. It would appear so, from the observation we have had.

By Mr. Clark:

Q. Have you had legal opinion on it?—A. Not yet, sir.

By Sir Eugene Fiset:

Q. What number is that in the proposed bill?—A. No. 6.

Mr. ILSLEY: It is quite clear, I think, that that could be.

By Mr. MacLaren:

Q. How was that connected with war service four years ago, a tuberculous kidney?—A. The opinion of the specialist was that the primary infection was caused from tonsillitis, followed by exposure.

Q. Tonsillitis is not a tuberculous infection?—A. No, but it is a source of infection. The infection was absorbed from the tonsils at the time they were septic, and carried in the blood stream and affected the kidney. There was probably tuberculosis in some other part of the body. The point we are making is that you cannot produce evidence showing symptoms of that during the four years, which evidence is required.

By Sir Eugene Fiset:

Q. Do you think that the amendment proposed to section 21, covers exactly that case?—A. We believe it does, sir. Of course, it is not definitely settled. We notice that "no right to pension under this Act arises." We think that that might possibly cover it.

Q. It seems to me it gives that special power; it is creating the power to deal with any special cases you can bring before them?—A. Yes. We have accepted the first portion. The question we are raising is as to the application. The system as laid down here we do not think, by experience, may work out successfully.

By Mr. McPherson:

Q. There was a suggestion made yesterday that meritorious cases be dealt with by the Pension Board and the Appeal Board, consisting of nine people altogether; does that meet with your approval, in preference to this?—A. It would be to our advantage if they sat together and acted jointly.

Q. You would prefer that?—A. I do not know that we would prefer it; it is a matter of opinion as to which would be most advantageous.

Q. The reason I ask you the question is because you just mentioned that you were adopting this suggestion here, as to method?—A. Our suggestion is that we would rather have the case considered by the Pension Board and have the right of appeal direct to the Federal Appeal Board.

By Mr. Thorson:

Q. On meritorious cases?—A. Yes, sir.

Sir EUGENE FISSET: The clause, as submitted to us here, has been prepared after hearing both sides of the case. It seems to me that Colonel Lafleche expressed the same opinion yesterday. He preferred to deal first with the Pension Board and then have the right of appeal to the Appeal Board, and would prefer the creation of a third tribunal to deal purely and simply with the meritorious clause.

Mr. LAFLECHE: As my name has been brought into the discussion, let me say that Mr. Hale, with the two gentlemen on his flanks, and those here of the Legion, sat together as a studying committee, and he is now expressing the opinion arrived at by our special committee. Mr. Hale is now speaking as the Legion representative, particularly of the tuberculous veterans. What we

[Mr. R. Hale.]

arrived at generally, perhaps not definitely, is that the Legion would prefer the meritorious cases to be heard by the Pension Commission with a right of appeal, rather than the creation of a new third body, as mentioned by one of the honourable gentlemen of your Committee here.

Sir EUGENE Fiset: And that is the opinion of all of you?

Mr. LAFLECHE: That is the nearest we have arrived to the proper solution. We might add, perhaps, that in arriving at that conclusion we presupposed a certain difficulty of sympathetic mentality in the minds of the gentlemen who would hear these cases.

Sir EUGENE Fiset: But you do object very strongly to joint action of the Board of Pension Commissioners and the Board of Appeal?

Mr. LAFLECHE: We prefer a hearing by one with a right of appeal to the other, to the suggestion as mentioned in the proposed bill. We think it will work out better.

The WITNESS: The experience with the meritorious cases, so far, has been so disappointing that it seems very difficult indeed to get the members of the two Boards in a frame of mind sufficiently favourable to the applicant.

By Mr. Black (Yukon):

Q. The clause providing for the entertainment of the meritorious cases now is so limited, and would continue to be limited, that to get better action you want an amendment to the meritorious clause, which is suggested in this bill?—A. Our suggested amendment would cover that.

By the Chairman:

Q. Your amendment, for the time being, is to create, by law, the presumption in favour of a person who is now suffering from disability, that that disability was in service?—A. Yes, sir.

Sir EUGENE Fiset: I think, Mr. Chairman, that you can go on. This is bound to be brought up again.

The CHAIRMAN: The next clause?

The WITNESS: With your permission, I will ask Captain Gilman to deal with the next question.

Mr. C. P. GILMAN, called and sworn.

The WITNESS: Mr. Chairman, and gentlemen: The question we have before us now is recommendation No. 2, that section 11 of the Pension Act be amended by the addition of the following provisions:

That in all cases where disease exists recognized by responsible medical authority as being of slow and insidious onset and progression in which a possibility of service relationship exists, there shall be a *prima facie* assumption—there is an alteration there in the wording of our memoranda—that such disease is attributable to or was incurred during the period of war service; provided that this presumption shall be rebuttable by clear and convincing evidence.

Gentlemen, this is probably one of the most important recommendations being put forward this year, and I would ask you to bear with me for a few moments while I explain it in detail. The matter has already been considered by the tuberculosis consultants of Canada, and I want to refer to their findings and work my argument from their findings, and I also want to show we are not proposing these recommendations on behalf of disabled men suffering from tuberculosis only; we are also asking for a recommendation to cover all diseases of the same character, such as sleeping sickness, diabetes, chest disabilities and

[Mr. C. P. Gilman.]

all diseases of slow onset. But our examples must of necessity be drawn from the cases of the tuberculous because of our fairly intimate knowledge of the disease and its characteristics. We do not desire that the Committee should consider that we are putting up our requests on behalf of the tuberculous only, because of the class of case we cite in illustration. Our appeal is on behalf of all the classes of men who come within the activities carried on by the Canadian Legion in all its departments.

Now, quite a number of disabilities and diseases are apparent immediately. Yet there are a number of diseases of such slow onset and progression that they are exceedingly difficult to diagnose, and sometimes are not diagnosed for years. In the case of the tuberculous, we would say that expert medical testimony is to the effect that it is often impossible to always diagnose tuberculosis although it is evident from the later developments that tuberculosis in some stage must have been present at the time. This when examination has been made by a chest specialist.

From our knowledge of tuberculosis we know that the disease is often of slow progression. We know that, very often, when a man is first attacked by the disease, all he knows is that he has a cold, feels tired and nervous. He goes to a medical practitioner, who gives him medicine for a cold. The man may be debilitated or run down. Blaming himself for laziness he forces himself to work. He sometimes carries on for years with recurrent colds, purchasing cough medicines, not thinking it necessary to report to a doctor, until finally he has to give up.

I expect that all here will know this, and it is unnecessary for me to say any more on this line of thought; but we ask that you would consider how impossible it is in the case of tubercular disease and other diseases of slow progression to always establish "continuity" of symptoms.

If a man contracts many other diseases, their presence is established immediately, but tuberculosis is such an insidious disease, progressing so stealthily, that it should be impossible for the department to deny the possibility of its connection with service, when there is any element of doubt in the case. We wish to point out that there is an element of doubt in many cases, and where an adverse decision is persisted in. We would agree to the decisions now made if medicine was an exact science. Unfortunately it is not, and we feel that in many of the decisions now made the department is in error. What we ask is that the Act be changed to give more latitude to the Board of Pension Commissioners, so that it is not always necessary to prove an unbroken chain of continuity, which from the very nature of the disease it is often impossible to obtain.

In June last, the government, at our request, called in most of the recognized chest experts in Canada and allowed us to submit this question, amongst others, to them. We asked them the following question: "To consider the question of attributability of disability to service and whether existing regulations should not be made more elastic with regard to presumption of appearance of disease," and further suggested to them that as sanatorium superintendents and specialists of long experience that it would seem to us that their long and intimate experience in the matter of progression of disease would allow them to classify a case and reasonably state their opinion as to the probable and possible onset of disability.

We stated further and said that: "When a reasonable doubt exists as to the disability arising on service, or being caused by service directly or indirectly the man should be given the benefit of the doubt no matter when application for treatment was made," and further said: "We are prepared to accept the considered opinion of a trained chest specialist as to when a reasonable doubt exists."

What we were really trying to do, as you will readily understand, was to place the matter of decision in these cases in the hands of the chest specialists

[Mr. C. P. Gilman.]

rather than the Board of Pension Commissioners. We admit that it was rather a tall order, and they very naturally were reluctant to do so. They stated in reply that they considered that the present policy of establishing a claim upon its merits is more satisfactory, and works out better for the man than any definitely limited time (for appearance of disease) even though this were set at three years or five years. They suggested also as follows: "To the presumptive causes of breakdown with tuberculosis, we think might be added 'Ether anesthesia.'" They added: "The position of the tuberculosis expert or sanatorium superintendent in connection with the proof of attributability, we consider should not be materially altered. It is necessarily his duty to furnish evidence, and, to some extent, prepare the case, and he is scarcely in the position to pass final judgment upon his own evidence, and although it is quite true that he may possess the fullest and best knowledge of the present condition of the disease, he has not access to the records which must be fully considered in any final judgment."

Now we agree with them in this, and you will note the wording of our recommendation which is in line with their remarks. We make the proviso that "this presumption of service relationship shall be rebuttable by clear and convincing evidence."

But in their final remarks the Board of Tuberculosis Consultants proved our case. They said: "We understand that cases of real difficulty will arise in which the specialist or sanatorium superintendent is strongly of the opinion that the disease is attributable to service, but in which the decision has been against attributability. In some such cases, there may have been relative absence of continuity of symptoms, even while tuberculosis has steadily advanced."

Now this is a point we are making: The tuberculosis consultants definitely state that these cases exist where evidence of continuity of symptoms is missing.

The consultants said as much as they could, and tried to find a way out which might help.

They said: "In such cases there should be a complete reconsideration, if it is asked for, and as full a discussion as possible, of the basis of, or decision, between the physician bringing forward the case and the Pension Board."

The Committee who gave these opinions were comprised of the following:

Dr. D. A. Stewart, Superintendent of Manitoba Sanatorium,
Dr. A. F. Miller, Superintendent of Kentville Sanatorium,
Dr. A. H. Caulfield, of Christie Street Hospital Chest Clinic,
Dr. F. H. Pratten, Superintendent of Byron Sanatorium,
Dr. A. H. Baker, Superintendent of Central Alberta Sanatorium,
Dr. D. A. Carmichael, Superintendent of the Royal Ottawa Sanatorium.

Now, the chest specialists having stated that there are cases where they consider the disease attributable to service, but in which the decision has been against attributability, and that there are such cases where there may be relative absence of continuity of symptoms even while tuberculosis has steadily advanced, we feel that the need for our recommendation is established.

The next thought we desire to establish is that the needs of this class of disabled men cannot be met unless some such provision is made. The granting of a pension depends upon the strength of evidence as to "continuity."

The Royal Commission Report, page 74 of the Final Report on second part of investigation states "continuity only means continuous existence of the disease, and if the clinical findings and opinions as expressed by experts are to the effect that, from the condition found, the history and other circumstances which are regarded as valuable in diagnosis, the disease now shown existed during service, that should be regarded as showing continuity, although interim symptomatic evidence is wanting."

[Mr. C. P. Gilman.]

The recommendation of the Royal Commission was that in the case of tuberculosis, in order to connect same with service, the principle be recognized that it is not always necessary to show actual intervening manifestation of the disease.

If our recommendation is accepted by this Committee, we would ask that your recommendations to Parliament be very definite. We desire no loop-hole for error. We desire that the Department be protected as well as the man. To prove its need, we can cite innumerable cases where adverse discussions in this class of case have been persisted in for years and where the discussions have been finally reversed, because of our stubborn efforts in searching for evidence. We would point to the number of decisions reversed by the Federal Appeal Board and we are prepared to place before you a very large number of cases in support of our recommendation.

One point we want to make, is that unless something is done, these men must continue as charity patients, and their dependents dependent on charity because they are denied the treatment to which they appear to be entitled because of the adverse pension decision.

It may be asked "Does not the Federal Appeal Board exist for this purpose?" We can only reply: That without evidence of continuity of symptoms, it is often impossible for the Federal Appeal Board to reverse decisions. The present regulations allow of pension being paid if disease manifests itself within one year from the date of discharge. What we say, and our statement is confirmed, is that the symptoms of tuberculosis which undoubtedly exist may not be diagnosed for years, let alone one year.

I would like to give you the facts of one case. I have here one case by number to which I will refer. I can give you the name if you wish it. November 14, 1921, this man applied to this office for help in obtaining the establishment of the relationship of his disability to service. He suffered with tuberculosis, laryngitis, etc. Action was immediately taken by this office.

March 12, 1922, the Department advised that this man had no disability which could be attributed to service; that his present condition was largely the result of an accident which occurred subsequent to discharge.

July 20, 1922, the Department replied that "the man's present condition appears to date from an injury which occurred in August, 1921, . . . he is not entitled to an award of pension."

October 30, 1922, communicated with department commenting on Dr. Pace's certificates and asking that the "benefit of any possible doubt be given to this man."

December 19, 1922, department advised this office that the man "is not eligible for pension on the grounds that his present disabling condition is one which developed subsequent to his discharge from the army, and is not attributable to his military service."

February 12, 1923, communication received from the department stating that their letter dated July 20, 1922 "was in error in stating that the man's physical condition dated from an injury in August, 1921," that "claim was refused because the disabling condition was not considered to be one of which was attributable to service or had originated on service."

February 27, 1923, this office advised the department that we were not satisfied with their decision, enclosed duplicates of evidence previously submitted, and asked for advice as to any period since the man's discharge which is not covered by satisfactory evidence in order that we may try to obtain further evidence which would allow them to arrive at a favourable decision.

April 21, 1923, department replied: "This case is one which has been carefully considered by the chest specialists at head office, all of whom agree that

[Mr. C. P. Gilman.]

the man is not eligible for pension because of the fact that his disability did not originate nor was it aggravated on service, neither is it attributable to service."

August 23, 1923, received letter from Dr. C. E. Harris, Chief of Medical Staff, Modern Woodmen Sanatoria, Woodmen, California, in which he states that in his opinion this man's "disability was due to service." Certificates were enclosed which were to the effect that his disability had been progressing for a period of several years before admission.

September 11, 1923, certificate obtained from Dr. Allan, M.D., Chief of County Hospital, Los Angeles, communicated with department asking for further investigation of case.

October 9, 1923, obtained a certificate from Dr. R. Norris, of London, England, certifying that he treated this man in England while he was on "leave."

November 17, 1923, this office searched for further evidence. Over 20 letters to different individuals in California were written asking for information.

January 16, 1924, communicated with department enclosing a sworn statement from the medical staff of the Modern Woodmen Sanatorium for Tuberculosis, who gave it as their opinion that the man's condition had been progressing for several years prior to his admission to the Woodmen Sanatorium on January 19, 1922.

February 28, 1924, advised by department that the man is not entitled to pension on account of pulmonary tuberculosis.

July 25, 1924, letter to department enclosing further evidence and commenting on previous evidence submitted.

July 15, 1925, interviewed the Board of Pension Commissioners and discussed the case in detail. The difficulties were explained satisfactorily and they granted the pension, the man received his pension and died. We suggested to him, "You are not going to get better; you have no dependents; if you want to get that money, there is only one thing we can advise you to do, and that is to get out of the sanitarium and you will get your back pension." He got out of the sanitarium and got his back pension; he lived in California for a few months, and then died.

By Mr. McPherson:

Q. What had the removal of this man from the sanitarium to do with the pension?—A. If he had left a will, or left no will and died, leaving no dependents, the money would have been paid into the consolidated fund of Canada.

Q. What had the removal from the sanitarium to do with his getting his pension?—A. If he had died in the sanitarium he would not have got his money; they would have kept his money.

By the Chairman:

Q. That had nothing to do with the granting of the pension?—A. No, sir.

The Committee adjourned until February 29, 1928, at 11 a.m.

WEDNESDAY, February 29, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the chairman, Mr. C. G. Power, presiding.

Mr. C. P. GILMAN recalled.

The WITNESS: Mr. Chairman and gentlemen: just this session we tried to prove that it was almost impossible in many cases to show continuity of sickness in diseases of slow onset and progression, and we gave the argument as given by the tuberculosis consultants in support of same. Then we produced a case which we called "A" to show the extreme difficulty we are experiencing in proving continuity of sickness, although without a shadow of a doubt continuity existed. This was proved by the final admission of the claim by the Board of Pension Commissioners after four and a half years' work by the Legion. This man, for that period, was a charity patient; he was in a strange country without friends, and all this time he was entitled to pension and treatment.

Now, I would like to go on for a moment and cite a case which we will classify as "B". This is recommendation 2 of the supplementary agenda. There is an alteration in that second recommendation, the word "conclusive" being substituted by the words "prima facie", in the sixth line down—"prima facie presumption".

Now, the circumstances of case "B" are as follows: the man enlisted in 1915 and was seriously wounded; he received hospitalization and medical care for some twenty-two months. On discharge he was given a small pension on account of his leg condition. This was later discontinued. The examination when his pension was discontinued was on the 15th of January, 1920. He was married in May, 1919, as a result of a pre-war engagement. Now, we had evidence that this man was suffering from incipient tuberculosis between discharge and 1920. In February, 1921, the D.S.C.R. placed the man in hospital and gave him treatment with full pay and allowances, and by so doing recognized that disability was due to service. This was for tuberculosis.

The man died in February, 1921, of pulmonary tuberculosis. His case came up for pension award immediately, and then the decision was that he died of pulmonary tuberculosis which was not due to service, and his wife and child were denied pension. The case was passed to our office.

On November 9th, 1922, the Board of Pension Commissioners replied to us that during service this man received hospital treatment for a leg condition only; he made no complaint of a chest condition. The leg condition having cleared up, pension payments were discontinued. He died of pulmonary tuberculosis which is not considered as due to service.

On March 20th, 1923, we enclosed to the Board of Pension Commissioners a copy of the certificate from Dr. Botsford, of Moncton, N.B., in which he stated that this ex-soldier was under his care and treatment for incipient tuberculosis from 1918 to 1920. We asked how the department arrived at the decision that the disability was not due to service.

[Mr. C. P. Gilman.]

On May 1st, 1923, we received a reply from the Board as follows: "Your letter of March 20th is acknowledged. The widow of the marginally noted ex-member of the forces is not eligible for pension even if it can be shown that her husband's death is related to service, in view of section 31, subsection 1, of the statute. This, however, does not apply to the child and consequently investigations will be carried out in order to ascertain whether or not a reversal of the decision is possible."

On August 28th, 1923, we received a communication from the Board of Pension Commissioners informing us that they could get no reply from Dr. Botsford.

On September 11th, 1923, we advised the Board that Dr. Botsford had died and asked, "would it be too much trouble for you to advise us as to what further evidence you consider to be necessary as proof that this deceased ex-soldier's disability was caused by war service."

On October 4th, 1923, the Board of Pension Commissioners advised that before action could be taken to authorize pension on the child's behalf it would be necessary to establish that death was the result of an injury or disease attributable to or incurred during military service, or an aggravation attributable to or incurred during military service of a pre-existing injury or disease.

On October 8th, 1923, we forwarded another copy of Dr. Botsford's certificate.

On October 12th, 1923, the Board of Pension Commissioners replied that the only evidence of value would be that showing that the facts are contrary to above stated, namely, that the man did have a respiratory disease on service or immediately after, or if it can be shown that the pulmonary tuberculosis, even if it developed after his discharge, is attributable to service, the case would be established.

Now, what could we do? However, on October 17th, 1923, we wrote to the Board of Pension Commissioners stating: "It would appear that no attention is being paid to the certificate of Dr. Botsford, dated February 7th, 1922, in which he stated that the man was under his care and treatment for pulmonary tuberculosis from 1918 to 1920. May we suggest that Dr. Botsford's certificate would constitute the evidence necessary as suggested in your letter of the 12th inst.?"

On October 24th, 1923, the Board of Pension Commissioners replied that as Dr. Botsford was dead, it would be necessary to bring forward some such evidence as was asked for in our letter of the 12th inst.

Finally, in November, 1926, we gave a reasoned argument again and suggested that the orphan child should receive the benefit of the doubt, and on December 8th, 1926, our final effort, we wrote the Board of Pension Commissioners as follows: "We would like to add that records in this case show that Orr was seriously wounded in the leg on the 11th April, 1917; that he remained in hospital for over six months, and at the end of that time was taken on the strength of the M.H.C.C., Fredericton, as an out-patient, not being discharged until the 18th of December, 1918, some twenty months after the wounding, when he was struck off strength as physically unfit. It has occurred to us that the wound Orr received must have been a very severe one, and it is indeed likely that it caused a weakened condition which resulted in the appearance of the disability which caused his death.

On December 15th, 1926, the Commission admitted that death was related to service and the child was pensioned. During all this time, some four and a half years from the date of application, the child was denied pension, the widow not being entitled.

By Sir Eugene Fiset:

Q. Was the pension made retroactive?—A. Yes, to the child.

By Mr. Gershaw:

Q. It occurs to me that those two cases cited were not altogether the fault of the regulations, because without any great change in the regulations they were finally admitted.—A. Yes, after years and years of fighting for information which it was almost impossible to get. In the case cited yesterday we wrote 187 letters seeking information; we searched England and the United States and Canada for information; we practically achieved the impossible in obtaining information, and the circumstances of the case, as we see it—and as we think any reasonable man would see it—show that the evidence was all present before we had to look for that information.

By Mr. McPherson:

Q. You have no right of appeal on a case, with a decision like that?—A. Oh, yes, sir, we have.

Q. And did you appeal?—A. No, sir.

Q. Why not? It looks like a case where it was only the interpretation of the law as it stood.

SIR EUGENE FISET: If you follow the sequence of events, you will see that it has taken four years to establish their case.

By Mr. McPherson:

Q. The decision of the Board may have been ridiculous, but I do not see that your proposed amendment is going to change it any?—A. The decision at that time was final, and we could not afford to take a chance. I will bring up another case in a few moments.

Q. Do you see my point?—A. I see your point.

Q. I do not see that your proposed amendment is going to rectify either of these cases.—A. The plan we work on, unless we are sure we have the evidence which will win the case on appeal, is that we do not take a chance on appealing, because once that decision is given they are ruled out forever. We have to be very, very careful that we do not appeal, only as a last resort. Many cases are lost through appealing before we are absolutely sure that we have a cast-iron case. That is our difficulty in all these appeal cases.

By Mr. Adshead:

Q. You mean, once the Appeal Board has settled it, it is final?—A. Yes, sir.

Q. There is no possible chance of it being reopened?—A. Not until last year, when they allowed us to have a case tried again on the production of new evidence. Up until last year we had no appeal, no matter what evidence turned up; it was final and finished with. You will understand why, in many of these cases, we did not appeal before.

By Mr. McPherson:

Q. I do not think your amendment would help you one iota on the cases you have given us?—A. Our amendment is to allow a presumption of disease. Our argument is to allow it to be presumed, with slow and progressive diseases, that it is not always necessary to prove absolute continuity.

Q. I know, but your amendment makes it a prima facie case. I would object to it from the standpoint of form, because you provide that this presumption shall be rebuttable by clear and convincing evidence. I do not think

[Mr. C. P. Gilman.]

that is the proper way to word that, because there are well established grounds for rebuttal evidence. Even if you put the words "clear and convincing" in, you do not gain anything, because it is a matter of opinion of those hearing the evidence. Either that rebuttal evidence is going to be sufficient to remove the prima facie case, or else it is going to fail, and the prima facie case will stand. Your amendment would only leave it in the opinion of this same Board, no matter how you word it?—A. I think you will appreciate that we are laymen and not lawyers.

Q. I am pointing it out to you purely from the legal standpoint. It is the legal standpoint that will govern the decisions of the Board.—A. We are not pretending that that is the correct wording. We are trying to give you our idea of what should be done, and we would leave the wording to you.

By Mr. McPherson:

Q. What does that last paragraph mean? "Provided, that this presumption shall be rebuttable by clear and convincing evidence?"—A. If there is a case of any kind of misconduct that brought about the tuberculosis after the war, we would not ask them to pension that man. Also any condition that could be proved, that arose not due to war service, from some other cause, then we would not ask for it. It is throwing the onus on to the Board to show, in these doubtful cases, that that disability was not due to service, otherwise a pension must be granted. If there is a doubt in the man's favour he will be given the benefit of the doubt. In the two cases we presented, we have been trying to show that there was a tremendous element of doubt, which was later proven to be a fact, that it had developed in service. They also showed our difficulties, and the difficulties of the man who has this disease, to prove continuity. That is the only way we think it can be removed. I would like to show you one or two other cases.

Mr. MCGIBBON: These cases make it very difficult for the members of this Committee. You are asking us to legislate in general for particular cases. I am inclined to agree with Mr. McPherson, that you have suffered hardship due to the administration of the Pension Board, rather than from the law. It does seem to me that it is something new in pensions when you say that every man, practically, who applies for a pension, under these conditions, is considered eligible and the government has got to prove he is not eligible.

The CHAIRMAN: That is what all these suggestions will amount to. The minute an applicant puts in a request for pension there will be a prima facie case in his favour, which will have to be rebutted.

Mr. MCGIBBON: It makes it very difficult for us to appear here between the country, on the one hand, and what you might call legislation for the general good of the soldier, and legislation for particular cases, to which nearly all these amendments refer. It seems to me, as I said the other day, that these are deserving cases, and we grant they are deserving, but it also seems to me that we are facing the wrong end. We cannot lay down the law that every man that makes an application, under these conditions, is eligible for pension, and that the country, or Board, has got to prove that he is not. It seems to me that that is reversing the whole scheme for which pensions were granted in the past.

By Mr. Adshead:

Q. These particular cases are put forward to prove a class of case, rather than a particular case?—A. We are proving a case with slow progression. There are also sleeping sickness, diabetes, and a number of other things.

[Mr. C. P. Gilman.]

By Mr. McGibbon:

Q. And progressive nervous diseases? It has almost a universal application, based on specific cases. You get my point?—A. Yes, I do, sir. I do not know whether you were here last evening, sir, when we gave a reasoned argument based on the Board of Consultants, which is called in by the Government, and whom we think, proved our case. I am using tuberculosis just as an example, not for tuberculosis alone, but for any disease of slow onset. Without going further into those cases—I have dozens of them and do not want to worry you with them—I would like to show you how the present law operates just with one case. I will call this case “C,” and it won’t take me more than two or three minutes. I will not go into the circumstances of this case, but in 1920, an application was made for a pension. In 1924, the case was appealed before the Federal Appeal Board, and lost. Their decision was final then. The Board of Pension Commissioners have done their best for the case, and the Federal Appeal Board have done their best for the case, but, according to the law of the country, they could not give this man a pension. In 1926, we obtained, in spite of all this, and in spite of the attempt of every one to obtain evidence, the following information:—a certificate from Doctor F. H. Pratten, Medical Superintendent of the Queen Alexandra Sanatorium, who stated that, in his opinion, the condition in this case dated back to June, 1915, and that continuity since that time was most obvious. The case was then submitted to Dr. J. H. Elliott of Toronto, for his opinion. He stated, “I have no hesitation in expressing the opinion that this man’s disability dates from, and is continuous with, his disability on service.” We got a certificate from Dr. A. E. Broome, in which he stated, “In my opinion Rutherford has had intermittently extending tuberculous disease since 1915.” We also got other evidence. The evidence was on file, and the appeal must be heard upon that evidence, and this man was out forever. We have got it adjusted now, some two months after the man died.

By Mr. MacLaren:

Q. How could it be adjusted? You say the Appeal Board found against it?—A. There was no evidence of continuity, but the medical opinion later admits continuity.

By Mr. McGibbon:

Q. Did you have that evidence of Dr. Elliott?—A. Not on the first appeal, no, sir.

Q. There was a weakness in your case?—A. How could we get it? These things cost money and time.

Q. That is another problem?—A. But the point is this, and I am prepared to put in a case, if necessary, to show it. Where a man has this disease there is a doubt in his favour. If we could only get the true facts of the case, which are sometimes impossible to get, they would be entitled to a pension.

Q. I am not opposing that. My point is, that if you had had the evidence you would have won your case, and it is not the law that is at fault as it stands. The fact is, as I gather, that you are not financially able to gather this evidence?

—A. No, sir, but not only that—

Q. That is part of it?—A. Part of it, sir.

Q. If you had gathered that evidence, you admit you would have won your case; is that not right?—A. Yes, sir.

Q. Your trouble seems to be due to a lack of facility, a lack of organization and lack of money to gather the evidence?—A. Well, there are other circumstances besides that, sir.

Q. What are they?—A. I have known of a case where a man was turned down right from his discharge, was given vocational training, given treatment,

[Mr. C. P. Gilman.]

was in a sanatorium in 1923, and he died and left a family of three children. Accidentally, one of our men went to the house and found a child playing with a few pieces of paper, which turned out to be the man's original medical history sheets when he left the army. This man had been turned down because there was nothing to connect his disability with service. At the time of his discharge this man was handed his medical history sheet, and he had taken it home and had not known what to do with it.

By Mr. Adshead:

Q. Was there not a copy of that in the records of the army?—A. I do not think so, sir.

Q. Should there not be a copy?—A. There should be, sir.

By Mr. McGibbon:

Q. If a man is so careless as to tear up his own evidence and not keep it—
—A. It was not his evidence, it did not belong to him and he did not know what to do with it.

Q. He had it in his possession?—A. Yes, sir. It would be all right for you or I, but there are a lot of men who do not know the value of things. The majority of our men do not know the value of these things.

Q. I do not want you to misconstrue. I think every member of the Committee is sympathetic, we are all with you on these cases, but when you ask Parliament to put everybody on the pension list and make the Pension Board prove they are not eligible, I do not think you will have a ghost of a chance of getting it through.

By Mr. McPherson:

Q. Let me suggest this. It is almost impossible to get evidence of a negative character. You are asking the Pension Board, or the Government, to assume the responsibility of getting evidence of a thing not existing. It is much easier to get it of a thing that does exist?—A. We ask, sir, in the case of slow and insidious progression, when there is possibility and that possibility can be defined by medical evidence, and by the other circumstances of the case. In other words, we simply ask that the man be given the benefit of the doubt in these cases.

MR. MCGIBBON: I think it could be expressed in better language than the way it is now. This means that when any of these classes apply, they automatically go on the pension list, and the Pension Board has got to prove they should not be there. Could you not express it in some other way? As it is, I do not think you will have a ghost of a chance.

THE CHAIRMAN: Is it not a matter of principle? If we admit that in cases of tuberculosis, why not have it in every application for pension?

MR. MCGIBBON: That would be the next demand.

MR. GERSHAW: Could you not obtain the same object in a different way? The trouble seems to be the attitude of the Board. If there was some way in which they could interpret the existing regulations a little more generously, would that not cover it?

By Mr. Adshead:

Q. This is a case where a man has had a certain disease and is presumed to be cured, is that the idea? There is no continuity proved and he is supposed to be cured, and then it comes on again?—A. Partly, but there is the other case of a man who falls sick. He is debilitated and run down, and it may take years for that disease to progress until it can be shown it is tuberculosis. Some of

[Mr. C. P. Gilman.]

the symptoms are there at times, but in tuberculosis there are not always symptoms to show that the disease is present.

Q. You want to have it presumed it was due to war service?—A. Yes, when it is reasonable and there is a possibility of service relationship. In all these cases, and we lost very few of them ultimately, there is a distinct possibility, but what bothers us is the length of time that these people have to suffer before it is admitted. It is not one or two years, it is three, four and sometimes five or more years; sometimes the man is dead and we have to fight for his family which are left without support. That is the whole point.

Q. It is eventually proven that it was due to war service?—A. Eventually, sir. I do not think there will be many that will not be proven, because we mean to stick with them until we do. In the majority of cases we have been successful.

By Sir Eugene Fiset:

Q. In other words, these cases, in your opinion, are all meritorious cases?—

A. Yes, but they are more than meritorious, they are legal.

Mr. McPHERSON: Legally right.

By Sir Eugene Fiset:

Q. I know, but the very fact that you do not succeed in establishing your case immediately before the Pension Commission, or the Appeal Board, makes it a meritorious case in your opinion? If this clause covering meritorious cases is going to be amended in such a way as to take care of these special cases, if we can possibly do so, do you not think that we should let this go for the present and have them considered under the meritorious clause, as it is being considered? It seems to me, we ought to hear the side of the Board of Pension Commissioners in these cases, and hear what their difficulties are in accepting the evidence produced by the Legion.

The CHAIRMAN: There is no doubt about it, we will hear them; we are getting only one side of it now.

Mr. McGIBBON: There are not only these cases; there are the cases of insanity, which are always hard to attribute to the war. I do not see how you can amend every section of the Act to take care of special cases.

Mr. ADSHEAD: Unless you can prove they are general classes of cases.

Mr. McGIBBON: I think we ought to consider them as general classes, and put in clauses in there whereby all these cases could be considered. It is doubtful, too, if you will not eventually have to establish a Board of Appeal for all these special cases.

The CHAIRMAN: Do all the members of the Committee understand the submission made by the witness? If so, we will pass on to the next, suggestion No. 3.

Mr. GILMAN: That suggestion reads:

That the final clause of section 24, subsection 3 of the Act, which reads: "and that the provisions of paragraph (b) of this subsection shall not apply if the disease manifested itself within a period of three months after enlistment" be cancelled.

By Mr. Adshead:

Q. That is relating to pension for disability resulting from tuberculosis?—

A. Yes, and half way down the page we find

provided that after the expiry of two years—and so on.

and that the provisions of paragraph (b) of this subsection shall not apply if the disease manifested itself within a period of three months after enlistment.

[Mr. C. P. Gilman.]

And we ask that something like the following be substituted

And that the provisions of paragraph (b) of this subsection shall apply when tuberculosis was not definitely diagnosed within ninety (90) days after enlistment, when the man saw ninety (90) days continuous service.

The note reads: "This recommendation will remove any doubt as to the application of regulation governing tuberculosis cases, recognizing as it does that the appearance of tuberculosis not being diagnosed within ninety days after enlistment leaves the grave suspicion that military life was the direct cause of the appearance of the disease."

I would like to say on this point that it is generally accepted by experts in tuberculosis that the primary infection is in childhood. It has been demonstrated on innumerable occasions at autopsy examination, that tuberculosis was present in the individual though, during lifetime, the condition was never apparent. This is particularly true of those who have had somewhat sheltered lives with fairly light employment.

Men accepted for service certainly had no apparent disability, and even though the man may have had an obscure chest condition, it is contended that the sudden change from home life to exposure, physical strain, did much to bring about an active condition in the man's lungs. In many cases, these men slept in tents on damp ground, draughty buildings, and were requested to carry out guard duties, under exposed conditions, also long route marches with heavy equipment. It is not surprising that a number of these men quickly developed colds, and showed signs that they were not robust, but even though it was often necessary to place them in hospital for a few days, it cannot be argued that tuberculosis was present in any degrees. Often these men returned to duty, and their condition was still further aggravated by more strain and exposure.

Under the present conditions, these minor breakdowns are considered as manifestations of the disease, even though the man returned to duty and tuberculosis was not actually diagnosed for a considerable time afterwards. This appears to us to be very unfair, as these men enlisted in good faith, often sacrificing remunerative positions to serve their country for \$1.10 per day. Had they remained at home under sheltered conditions, there is considerable doubt as to whether they would be suffering from an active and progressive condition to-day.

Any man who served for a period of ninety days, subjected to exposure and the rigors of military training, without tuberculosis being found, we believe should receive the benefits accorded to other cases of aggravated tuberculosis, as provided under section 24-3 (b). The number is not large, and we think would result in an actual saving of expense to the country, as men in this class to-day with few exceptions, are unable to maintain themselves, with a low rate of pension. They are restricted to the lightest form of employment, and usually are forced back into sanatoria where the cost of treatment with pay and allowances is almost double that of the pension asked for.

We particularly ask this Committee to carefully consider this class, as there exists a great doubt as to the extent of the damage suffered by the man, and in most cases, he is totally incapacitated to-day. Less than two per cent of the 4,900 tubercular pensioners will be affected by the recommendation. We are not asking for payment of pension over the past year, but we are anxious to have these men taken care of adequately. We do know that it would be a considerable saving to the country at large, and would also remove any doubt as to justice being done in these cases.

Take the case of a married man with one child. He would receive \$103.50 a month. When his pension is not sufficient, he receives \$90 a month on pay and allowances, and his cost of treatment would be \$90 a month, making a total

[Mr. C. P. Gilman.]

of \$180. A man struggling along on a 20 per cent pension, some \$23 per month for himself, wife and one child, although 100 per cent disabled, must be forced into the sanitarium because of the inadequacy of his means of subsistence. He must try and do labour that it is physically impossible for him to undertake. The granting of the benefit of the doubt in these cases would mean that the children could be taken care of, and brought up as useful citizens.

The point is made very definitely that three months means ninety days without tuberculosis being recognized. A man may give more than three months' service, may go a whole lot longer than that before tuberculosis is recognized, but he comes under the section of the Act, which allows him pay to any amount, whether it is ten or twenty per cent or a hundred per cent disability. We realize that these men were passed as fit, and we think if tuberculosis was not demonstrated within ninety days, he should be given the benefit of the other clause (b), which means 90 per cent pension.

By Mr. Adshead:

Q. You want the three months to be determined as ninety days?—A. Yes, and to be understood that it shall only apply when tuberculosis is demonstrated within that time.

By Mr. McPherson:

Q. It appears to me that this is on the very reverse ground to the previous one. They say "We want you to assume that while it is not noticeable, still tuberculosis existed," and under this you want to assume that while it was noticeable, it did not exist until after ninety days. I repeat, you reverse the ground exactly in the two cases?—A. Under the present proposal, the tuberculosis is recognized if it appears within twelve months after discharge from the hospital. We say in this case that if tuberculosis is not recognized within ninety days, we want him to get the benefit of the other clause.

Q. That is, that he had it?—A. Yes.

Q. But the argument is just the reverse of what you submitted on the other section?—A. We admit he may have it.

Mr. HALE: In this case, there are not two cases of tuberculosis the same. They are all individual cases. The progression of the disease depends on the resistance of the individual. One man may have been of a particularly robust health, and have done good service, and carried on successfully for years. The other man may have come into contact with conditions under which his low resistance type immediately broke him down. In comparing the two classes of cases, you have to measure, so to speak, the man's resistance.

Mr. McPHERSON: That does not get over my personal trouble. I am inclined to think this clause is fairly reasonable. If tuberculosis did not appear in the first ninety days, you could reasonably assume it arose from war service. But under this section, I do not see how you could make the assumption that it was present or attributable to war service.

Mr. HALE: The point I am making in this class of case, is the assumption that tuberculosis was present previous to enlistment, but here it is an aggravation. In the other case, where it is a post-discharge condition, the development is post-discharge, the argument is that the tuberculosis was attributable to or incurred on service.

Mr. McGIBBON: You have a lot of arguments on this clause, reasonable and plausible.

Mr. ROSS (Kingston): If you would move to strike out the three months' time, I would favour it. In my mind the pension Board was altogether wrong. The first three months is the most dangerous period in his whole service, because

[Mr. C. P. Gilman.]

during that time, he is not hardened and not trained, and more exposed, and likely to incur some disease, pleurisy or pneumonia, or some other disease. Now, the Board takes advantage of that three months, and says: "Oh, well, now, we are not giving him anything on the first three months." Of course pneumonia may be the very first step towards the disease. I know many cases that were thrown out, and advantage taken of that three months. I contend that the first three months of a man's service, is the most dangerous time in his whole service. After the first six months, he is hardened, and he is almost immune from a great many diseases which he would incur in the first three months.

The CHAIRMAN: Is there a medical presumption that if he develops tuberculosis in three months' service, he has had it before?

Mr. ROSS: Yes, that is the very point in the same way that they contend that tuberculosis should develop within a year after. It is just as they say, that no two cases are alike. One may develop, and another may not develop. To me, the presumption on which they go as to that three months is absolutely wrong, and has done a great injury to many men.

Mr. THORSON: Your suggestion is that this proviso should be struck out?

Mr. ROSS (Kingston): Yes, and you are open to deal with any case on its own merits.

Mr. ADSHEAD: Strike out the subsection.

Mr. McPHERSON: No, the proviso.

The CHAIRMAN: What do you think the effect of that suggestion would be?

Mr. GILMAN: We would be satisfied, very satisfied with it. We are under difficulty. The Act is a technical Act.

The CHAIRMAN: It is not such a bad law.

Mr. McPHERSON: I think it is absolutely reasonable.

Sir EUGENE Fiset: Is the suggestion that the word "not" in the Act should be struck out?

The CHAIRMAN: Yes. If you strike out the word "not" in the Act would that meet the wishes of the Legion?

Mr. GILMAN: Yes.

Mr. HALE: Well, they might not show the manifestations of tuberculosis. That is where our difficulty lies to-day. They consider a cold, or an admission to hospital for three or four days as a manifestation of tuberculosis, although a man may not develop it for some time after that.

Mr. McGIBBON: Surely they do not take that ground under the Act? What justification have they under the Act for assuming that. A cold is not a manifestation of tuberculosis?

Mr. HALE: In the light of the subsequent history of the case.

Mr. McPHERSON: I hardly think that that suggestion will cover the point. If we leave out the word "not", the subsection will read:—

That the provisions of paragraph (b) of this subsection, shall apply if the disease manifested itself within a period of three months after enlistment.

Mr. THORSON: I do not like that.

Mr. McPHERSON: If you want to get the whole scope of it you will strike out the whole section. Their suggestion is that it was not definitely diagnosed.

Sir EUGENE Fiset: I think the best way would be to strike out the whole thing.

Mr. SPEAKMAN: And make absolutely no difference between the man who manifested the ailment in three months and the man who manifested it at a later period.

Sir EUGENE Fiset: Would that be satisfactory to the Legion?

Mr. HALE: There is the difficulty of getting it through the district channels that exist.

The CHAIRMAN: We are not deciding on this now.

Sir EUGENE Fiset: Will somebody move that the clause be struck out?

The CHAIRMAN: I would oppose arriving at any decision regarding any section of the Act until such time as we have heard all the evidence.

Mr. SPEAKMAN: I do not understand that the submissions of the Legion are definite. They are making suggestions to help out in our future discussions as to the proper method to carry out their wishes.

Mr. McGIBBON: Their suggestions do convey certain definite ideas. There is the idea that every man to come under these conditions shall be eligible.

Mr. SPEAKMAN: I am speaking of this suggestion, and I am taking the ground that the suggestion is as to the course of action, leaving to us the final decision of it, and the necessary steps to put it into effect.

Mr. McPHERSON: I think we can agree on the principle.

The CHAIRMAN: The next is suggestion 4, which reads:

That section 26, subsection (1) be amended to provide that a pensioner, totally disabled, whether entitled to a pension of Class one or a lower class and not in hospital, and shown to be in need of attendance, shall be entitled to an addition to his pension, subject to review from time to time, of an amount in the discretion of the Commission of not less than two hundred and fifty dollars per annum and not exceeding seven hundred and fifty dollars per annum.

The CHAIRMAN: Is that the same suggestion that has already been made to us by the Legion?

Mr. GILMAN: Yes.

The CHAIRMAN: Exactly the same as your suggestion, Mr. Bowler.

Mr. BOWLER: Yes.

Mr. THORSON: Unless Mr. Gilman has some information to give the Committee—

Mr. HALE: I will just add a little as it affects the present case. The present understanding of the helplessness allowance requirements is that it is difficult for the Pension Board to make an award to a man who is in need of attendance unless he is helpless and dying. The Act demands that the man be totally disabled and helpless. This leaves out of the line of thought a man who although 100 per cent disabled and although a terminal case with a short expectancy of life, and in need of attendance does not in many cases get helplessness allowance because he is not absolutely helpless.

Cases come up where a man is allowed to go home from a sanatorium because he has had long hospitalization, and wants to spend his last days with his family. In many cases it is good for the man's mental condition. The superintendent of a sanatorium may recognize this, and agree to his appeal to go home. When he goes home, it is found that his wife has to neglect her household duties and the children in order that she may give him the attention he needs. It thus becomes necessary to hire help to look after the family. Occasionally the man is able to get out of bed and go for a walk. If he is able to do so, strictly speaking, the man is not helpless. The Tubercular

[Mr. R. Hale.]

Consultants' Board who considered this question, recommended that in exceptional cases, such as a terminal case, with a short expectancy of life, that helplessness allowance be granted. The man would only be allowed to go home however, when the medical superintendent of the sanatorium approved, this approval would only be given, when it was definitely shown that his home was suitable for continuing the sanatorium routine. This will affect very few men, and the cost will be small.

Now, gentlemen, this will affect very few cases. Obviously there are only a few men in that condition where they would like to go home, and it is not a very expensive thing, but we would like to consider this carefully because we would like to point out a case where a man's home is situated five or six hundred miles away from the sanitarium, where he has been treated, and naturally when he comes to the end of things, he wants to go home.

By Mr. Thorson:

Q. Do you agree that your wishes would be met if the words "and helplessness" were struck out?—A. Yes, I think that would cover it.

Discussion followed.

The WITNESS: No. 5 of our agenda reads as follows:

5. That the D.S.C.R. regulations be amended to allow of reimbursement of all medical expenses incurred by or on behalf of a member of the forces where entitlement is subsequently conceded by the Board of Pension Commissioners, even though pension is not paid for the entire period between discharge and date of commencement of pension.

This is the explanation of the request. Under the present regulations of the D.S.C.R., it is difficult for the department to reimburse a pensioner for any expense he may have incurred for treatment of his war disability, previous to the date of his application to the department for treatment. Many ex-service men having no knowledge of the Pension Act, and living in isolated communities, obtain treatment in hospitals and sanatoria at their own expense. It is only when they come into contact with those having knowledge of the procedure that formal application for treatment or pension is made. It is also true that in the years immediately after the war, many men applied to the department, and not being pensioners, were told that nothing could be done for them. In many cases, no record was made of these items.

To illustrate our point, may we cite you a case of a man who was found to be suffering with pulmonary tuberculosis, and was admitted to the sanatorium for treatment. His savings of many years were soon gone in paying for this treatment and his friends took up the burden. Eventually a representative of the T.V.S. of the Canadian Legion visited this sanatorium, and after due investigation as to the probable cause of this man's tuberculosis, application was made to the department and the Board of Pension Commissioners for treatment and pension and the claim was subsequently established, pension being paid from the date of application. It was then stated that the department could accept no responsibility for the expense of treatment incurred prior to date of application.

It would only seem fair and equitable that where a man has expended money in securing treatment for a disability, which is admitted as being related to his war service, the cost of this treatment should be the responsibility of the country in whose service the disability was incurred. We wish it to be clearly understood that the class of men we are trying to cover are those who were not in receipt of pension for their disability at the time they incurred the treatment expense.

[Mr. R. Hale.]

By Mr. Thorson:

Q. Mr. Hale, if it is decided to make the pensions retroactive to the date of disability, how would such a recommendation affect this suggestion of yours?—A. It would be all right, sir, if the man received some compensation.

Q. He would have then to pay for his own treatment, and the amount would be deducted from his pension, if retroactive?—A. Yes, but of course there is the question of the assessment coming into the retroactive award; they may give him 10 per cent, and it may cost him \$90 a month for his treatment.

By Mr. Speakman:

Q. Supposing a man was under pension during that period; when the retroactive pension is awarded, it practically places him under pension during that entire period. During that period, he would be entitled to treatment?

Mr. BOWLER: I think there is a clause in the proposed new bill which provides that where there is a retroactive award, it shall only cover the period when a man was not in hospital, and that during any period when he was in hospital he shall be granted pay and allowances. Is that the fact, Mr. Scammell?

Mr. SCAMMELL: That has reference to private medical treatment in hospital.

Mr. MCPHERSON: Official treatment?

Mr. SCAMMELL: Yes.

Mr. MCGIBBON: This would have to have a general application, also?

The WITNESS: I cited the tuberculous case particularly, because treatment is a very expensive thing.

Mr. MCGIBBON: All cardiac cases and nervous cases, and cases of a like nature, would have to come under that same recommendation.

By Mr. Thorson:

Q. I understand all of these recommendations of yours deal with insidious cases generally, and are not confined to T.B. cases.—A. Not entirely.

Mr. SPEAKMAN: I was suggesting that this regulation will not conflict with a former regulation, because had the pension been paid from the time of disability—a retroactive pension if awarded actually has the effect of placing that man during that period in a position where he is entitled to treatment as well as pension. One does not conflict with the other.

The WITNESS: That is the point, of course. If he had been a pensioner, he would have been provided with the departmental treatment and pay.

Mr. BOWLER: In connection with that point, Mr. Chairman, there are many cases where the illness may be of sudden onset, where a man has no opportunity to report to the D.S.C.R., and he has to go to his nearest doctor and is perhaps rushed to the nearest hospital and has to undergo an operation, and probably no application is made until all that has been done, because he has had no opportunity. This recommendation means that he would be entitled to reimbursement of what he has had to pay, if it is a war disability, of course.

The CHAIRMAN: Next, please.

Mr. HALE: The next is No. 6 (Reads):

That clause four (a) of Order in Council, P.C. 580, as amended, be further amended to provide of special dependents' allowances being paid from date of admission to hospital, and not from fifteen days after admission.

In explanation of this request, it is desired to point out the hardship on the man's family which follows his admission to hospital for observation under this clause. Usually, the disabling condition from which the man suffers has been

[Mr. R. Hale.]

present for some time, and his employment has been handicapped to a considerable extent. The family purse is depleted. The man goes into hospital and, perhaps, at the end of ten days, the recommendation is made by the local unit of the department that it will be necessary for the man to remain in hospital. The director of Medical Services is then requested to authorize the payment of special dependents' allowances, which are only made effective from the fifteenth day after the man's admission to the hospital. It will thus be realized that for two weeks there is no provision whatever for the man's family, and even after allowances are authorized a month elapses before any payment is made to the family. In certain cases of extreme hardship, it is true that in some local units advances have been made prior to the end of the month. You will readily understand the position of the family of this man, and how difficult it is for the man to remain in hospital knowing that his family are in such circumstances. Then, there is the man who is, perhaps, only kept in the hospital for ten days while his case is being diagnosed, and, there being no immediate need of hospital treatment, he is allowed to return home. Sometimes he has lost his employment and has great difficulty in obtaining a new occupation. He receives no compensation whatever for the ten days spent in the hospital. You will understand how this entails considerable hardship on his family.

Sir EUGENE Fiset: But there must be a reason why the fifteen days after admission was set by legislation. What were those reasons?

The CHAIRMAN: I think that is arguing against yourselves. There are a whole lot of people who might want to get into a hospital for ten days. They might want to be examined and thoroughly gone over. That is the way it strikes me.

Mr. HALE: In any event, the Director of Medical Services has to authorize the payment of the allowance.

Mr. ROSS (Kingston): Is it correct that they are not paid for those ten days?

Mr. HALE: Yes, sir.

Mr. ROSS (Kingston): If their case is proved, they are paid?

Mr. HALE: If eligibility to a pension is established, they are, of course, paid the regular pay and allowance rate. But the class of men we are interested in are those who are admitted for observation, and possibly treatment afterwards.

Mr. McPHERSON: If they are eligible they are paid for the fifteen days, too?

Mr. HALE: Yes, sir.

Mr. McPHERSON: But if it is decided they do not require treatment, then they do not get it. Is it not evident that the limitation was put there to avoid the multiplicity of alleged cases that do not materialize?

Mr. BOWLER: It usually arises, in cases where a man makes his application for pension, and the Board of Pension Commissioners have some doubt as to what the true diagnosis is, and, in order to determine the diagnosis, so as to help determine the further question of service relationship, they order the man into hospital for observation. Now, he has to go; if he refuses to go, that is the end of his claim. The hardship arises from the fact that prior to the determination of his claim, he and his family are without revenue and no support for that period of fifteen days.

Sir EUGENE Fiset: Has not the department some discretion in these matters? For instance, I have a case which happened lately. I received instructions from the D.S.C.R. where a returned man was to be entered in a hospital and paid pay and allowance while he was there, in order to undergo a small operation. If it can be done in a case of that kind, surely it shows there is discretion. That was the first application, both for pension and also for operation.

[Mr. R. Hale.]

Mr. BOWLER: He would not be placed immediately in hospital on pay and allowance—

Sir EUGENE Fiset: That is the only answer I got. They told me that the man would be entered in to hospital and paid pay and allowance. Therefore, there must be some clear rule.

Mr. ADSHEAD: The fact that he would have to go under a medical operation would show that he is eligible.

Mr. BOWLER: I think Mr. Scammell will bear us out when we say that the Order in Council definitely says, "when the man is placed in hospital for observation he shall not receive pay and allowance until the expiration of fifteen days," and then he will only receive what they call special dependents' allowances. If subsequently, his condition is diagnosed and found to be related to service, then, full pay and allowance will be made retroactive to the date he was put into hospital. But, in the meantime, it very often works a great hardship to put a man in hospital for fifteen days without any support from his employer or from the Department.

Mr. McGIBBON: I think the real object in that was to prevent a lot of people from going into hospital and getting pay and allowance for fifteen days when there was nothing wrong.

Mr. BOWLER: They cannot get it unless it is ordered by the Board of Pension Commissioners.

Mr. SCAMMELL: I think I can explain in a few words, the meaning of this special provision for special dependents' allowance. Previous to the amending Order in Council, which gave the department the power to issue these allowances, if a man went into hospital for observation, and there was no indication whatever that the disability from which he was suffering was connected with service, there was no provision for his dependents. It was felt by the Minister that something should be done for those dependents. It was decided, therefore, that if his stay in hospital necessitated his absence for two weeks, commencing on the fifteenth day, there should be a special rate of allowances issued to the dependents until the period of his operation was completed. If, as has already been stated, it is found that his disability is a service disability, for which he was really entitled to treatment, then pay and allowance at the full rate are issued from the date of his admission. If it is found that his disability is not attributable to service, his dependents are provided for during the time we are finding that out, except for the first fourteen days.

Mr. McGIBBON: It is the first fourteen days we are talking about.

Mr. SCAMMELL: For the first fourteen days, if the disability is found not to be connected with his service, no allowances are paid to his dependents.

Mr. McGIBBON: Why?

Mr. SCAMMELL: For the very reason, Doctor, that the disability was not connected with his service. He had had fourteen days hospitalization at the expense of the country in respect of a disability for which he was not eligible.

Mr. McGIBBON: That is just what I said a while ago, in another way.

The CHAIRMAN: As we have had Mr. Scammell's explanation of the department's attitude in the matter, and the explanation of the point of view of the Legion, we will pass on to the next clause.

Mr. HALE: The question of expense enters largely into this question. The maximum allowance payable is only \$2.53 per day, under this clause; it is not a large amount.

The CHAIRMAN: No. 7.

[Mr. R. Hale.]

Mr. HALE: (Reads).

That, in view of the recommendation of the Tuberculosis Consultants' Board of June 13-14, 1927, with reference to non-tuberculous chest disability cases, the Department of Soldiers' Civil Re-establishment shall be authorized to grant vocational training, or establish the opportunity for sheltered employment, to take care of these disabled men.

In support of this request, I would like to say that the question of sheltered employment has received the consideration of a number of parliamentary committees, and the Royal Commission dealt with it very extensively. The parliamentary committee of 1921 stated:

Your committee has given careful consideration to resolutions forwarded in connection with this subject, and is of the opinion that the need for sheltered employment has been established.

The Tuberculosis Consultants' Board convened in June last, and, at the request of the Tuberculosis Section of the Legion, considered the whole situation very carefully with regard to the non-tuberculous cases. They recommended:

Should it be possible to establish the opportunity for sheltered employment, this would be to the interest of the men in this group.

It will thus be seen that the principle of sheltered employment has been fairly generally accepted by those who have studied the question very thoroughly. The Vet-Craft Shops, operated in some cases by the department, and in others by the Red Cross, demonstrate that this form of sheltered employment is practical. A chronic chest disability case, approaching middle age, and in receipt of a pension insufficient to maintain himself and dependents, finds it impossible to compete in the open labour market with those who are physically fit, particularly in the fall and winter months. These men are expected to do any kind of hard work, and usually have to come under the departmental relief. Employers of labour hesitate to employ a man once they know his health is not good, and that the man will probably be unable to work steadily. It naturally interferes with the continuity of work and impairs the efficiency in manufacturing plants. As long as the man with a chest disability of this type is labouring under great advantage, our section hesitates to advance any definite scheme to provide the non-tuberculous group of chest disability ex-service men with a means of augmenting their pension to the point where they can successfully maintain themselves. We ask that, if possible, the Vet-Craft scheme be enlarged to take care of as many as possible. We also ask this Committee to carefully consider the advisability of recommending that the recommendation of the Ralston Royal Commission, in its final report on page 39, paragraph 4, be carried out. Namely:

The Commission is convinced that the most satisfactory method of operating workshops for the employment of partially disabled men is through civilian agencies, such as the Red Cross, and its opinion is that active steps should be taken for the completion of the chain of Red Cross workshops across Canada, including the provinces where workshops entirely under departmental operation now exist.

Vocational training is now granted by the Department in a few cases. While we believe that, in some cases, it is possible to retain chest disability cases in suitable occupations, we think that, for the great majority of the chronic chest disabled ex-service men, sheltered employment is better and provides a reasonably permanent solution. We suggest the enlargement of the Vet-Craft Shops.

Mr. CLARK: Does that include the Red Cross workshops?

Mr. HALE: Yes.

Mr. CLARK: Can you tell me what proportion of the present employees are tubercular men?

[Mr. R. Hale.]

Mr. HALE: Possibly Mr. Scammell could give us some idea of that. We have not got the exact figures.

Mr. CLARK: Have you any figures at all of how many are employed in the Vet-Craft Shops to-day?

Mr. HALE: No definite figure.

Mr. CLARK: I think it would be rather interesting to have those figures while we are considering this.

The CHAIRMAN: While we are discussing this question to a certain extent, and receiving the suggestions of the soldiers, this will be a matter for very serious consideration later.

Mr. CLARK: I think it is about the most serious.

The CHAIRMAN: We will go into the question of what we are going to do with the disabled non-pensionable cases, whether or not we are to enlarge these Vet-Craft Shops and make them just simply another name for ordinary relief.

Mr. CLARK: Or whether something could be devised that will permit these men to make their way; that is, to make enough to pay for what is spent in promoting the work for them.

Mr. MCGIBBON: Mr. Scammell has just told us that they cannot sell the product of their work now.

Mr. CLARK: Why do they not get a product that can be sold?

Mr. MCGIBBON: It is restricted to sheltered employment.

Mr. CLARK: Lots of employment could be sheltered and still produce a marketable product.

Mr. MCGIBBON: That is something we will have to go into with the view of suggesting something to the government.

Mr. CLARK: Even in the prisons they are able to produce saleable products that compete with manufacturing establishments.

Mr. ADSHEAD: They are not tubercular.

Mr. CLARK: Quite true, but it is much harder to organize, or just as hard.

Mr. HALE: This section only deals with the non-tuberculous cases, such as chronic asthma or chronic bronchitis. Many of these men are practically "corks." They have reached the age of forty-five or fifty years, and they are useless, as far as ordinary labour is concerned. Their pension is inadequate, and something has to be done for them. This is one of our largest problems, especially in the large centres.

Mr. CLARK: Has not anyone made a study of it who can certify, from a medical point of view, as to what they are capable of doing, what sort of work they are capable of doing and how long they are able to work? I think that is a vital thing; we ought to be told what they are capable of.

Mr. HALE: In placing this matter before the Tuberculosis Consultants' Board, they dealt with the matter very extensively from the medical point of view. This is what they say:

If the individual has more than a slight disability, he may be so impaired in earning capacity that he closely approaches, or actually reaches, a total disability. A very great tendency with many cases in this whole group is to become more disabled with the increasing years.

They suggest that the pension be increased adequately, taking into account, not only the physical disability, but the prohibition.

Mr. CLARK: You distinguish the tubercular cases from the non-pensionable cases. That is, there are two distinct classes. You can hardly employ the tubercular cases with those non-pensionable cases. As the Chairman has just indicated, we must deal with them in some way.

[Mr. R. Hale.]

Mr. HALE: We are only dealing with the non-tuberculous cases who are pensionable.

Mr. CLARK: Mr. Bowler, have you made a recommendation regarding the general classes, apart from the tuberculous?

Mr. BOWLER: Not yet.

Mr. CLARK: Have you one to make?

Mr. BOWLER: Yes, sir, we have something on the agenda covering that. The question Mr. Hale is bringing up embraces all classes of disabled ex-service men who are, what you might term, unemployable. At the present time, quite a number are taken care of in the Vet-Craft Shops. I think reference was made to these shops in the Ralston Commission's Report. They are a tremendous boon to the man who would otherwise be absolutely thrown on the labour market. In consultation with Major Melville, who, I think, has charge of it, it would seem that the development of the Vet-Craft Shop idea for all classes of disability, incapable of doing any work and otherwise unemployable, would be the reasonable and logical solution. It gives a man the opportunity to assist himself, and in that way keep his self-respect.

Mr. THORSON: It might be well to have Major Melville attend before this Committee.

Mr. BOWLER: I think he would be the logical man to explain just what has been done.

Mr. MCGIBBON: Might I ask this, as a matter of information? The chest cases are all fairly well cleaned up, that are properly diagnosed?

Mr. HALE: As far as possible. You will realize that in many of the chronic chest disablement cases, there may be an obscure condition. For instance, a chronic bronchitis case may eventually end in tuberculosis.

Mr. MCGIBBON: The reason I ask is that I remember going into that question in 1920. I remember a lot of chest cases, and we got the Government to enlarge the sanatoria. We have now one of the best sanatoria they have in Canada, so that these cases can be investigated, a proper examination made, and they can be dealt with. I think that is better than putting a man in some bread shop. I would like to know what progress has been made in that regard. I think the matter should be cleaned up now.

Mr. HALE: The Department have taken great pains with regard to this question of diagnosis, particularly in these cases previously classified as non-tuberculous, and men have been admitted to sanatoria, and their cases carefully considered before a definite classification is made. But even at that, we have innumerable cases of men who have not only been in sanatoria, more than once, but several times, and eventually they are found to have tuberculosis. It was so obscure that they were not able to demonstrate it at an earlier time.

Mr. MCGIBBON: Did they make a further examination before they were turned out?

Mr. HALE: Yes. All are carefully examined and every chest case is thoroughly gone into.

Mr. MCGIBBON: It would be very interesting to have these figures, if Mr. Scammell could give them. They have the best institution on the continent to deal with such cases, and it has been in existence for some six or seven years. I think we can clean that matter up now.

Mr. GILMAN: Then, Recommendation No. 8:

That the Department of Soldiers' Civil Re-establishment shall have power to grant treatment, with pay and allowances, to any ex-service man when it finds that a reasonable possibility exists as to service origin

[Mr. R. Hale.]

of his disability, even though the Board of Pension Commissioners have not found such evidence sufficiently conclusive as to warrant their making an award of pension.

We have endeavoured to show in dealing with section 11 of the Pension Act (our suggested amendment to Pensions No. 2) that it is necessary to concede the benefit of the doubt in favour of the man in cases of slow onset and progression. The recommendation now before us is an endeavour to bring the treatment regulations into line with our foregoing recommendation. At the present moment under Order-in-Council P.C. 129/1232, the Department have the power to place a man in hospital for the purposes of observation where there is a reasonable probability that this may establish service relationship. What we desire is that the powers of the Department of S.C.R. be extended, so that even though an adverse decision on pension has been rendered, when a reasonable possibility of service relationship is present in these cases, the Department can decide as to whether treatment should be granted. We feel that the Department of S.C.R. is competent to decide in most cases as to whether a real possibility exists.

Our point is that the Pension Board naturally do not, in many cases, on their own initiative search for evidence to connect the disability with service. The onus of proof is on the man. The Legion searches for the necessary evidence, and when same is obtained, we think that the man should not be forced to wait for a pension decision before he be granted treatment.

An adverse decision on the part of the Board of Pension Commissioners only means that convincing evidence, or evidence which will allow of the presumption of service connection, has not already been obtained, and it leaves the door open for further evidence being submitted which will throw a different light on the case. The necessity for this recommendation, we think, is very apparent.

The CHAIRMAN: I would like to go through this very rapidly, because Mr. Barrow wishes to be heard in regard to some statement made yesterday. We will now take up No. 9:

That treatment be granted to all pensioners for disabilities other than their pensionable disabilities, when recommended by Pension Board Examiners or Department of Soldiers' Civil Re-establishment Examiners.

Mr. Gilman:

The point in this recommendation is that when the examiners of the Board of Pension Commissioners on the D.S.C.R. find that in their opinion a pensioner needs treatment for a condition other than his pensionable disability, same should immediately be granted. This to-day is not always given. We feel that the examining physician, who sees the man personally is in the best position to judge as to the necessity for treatment, and as to the possible effect of treatment on the pensionable condition of the man. We find a large number of cases where the treatment is not given, although recommended by the pension Board examiner.

Medical authorities tell us that it is often impossible to state that a man's pensionable condition is not a great factor in causing the appearance of other disabilities. A weakened resistance very often allows of the onset of many acute diseases. It is not sufficient to say to a seriously disabled man, "You are disabled 30 per cent. You can carry on with a thirty per cent pension. You have weakened resistance, it is true. What we are going to do is to treat you when your pensionable condition needs treatment, but we take no account of any disability other than the pensionable one, even though we know that you have a weakened resistance, and are liable to contract other disabilities."

[Mr. C. P. Gilman.]

We consider that the present procedure in many cases is rather ridiculous. From an economic point of view, we think that it results in many cases in increased pensionable disability. We would like to point out that if this recommendation is accepted it will mean no large increase in cash, and may bring finality nearer in matters connected with the disabled. It seems to us that, if the argument is brought forward that this would mean increased expense and organization, the natural answer to this argument is that unless something like this is done very quickly, the final increase in expense and organization which will be necessary in the years to come will be even greater.

Mr. McPHERSON: Would the proposed amendment cover a case like this? A man is a pensioner for the loss of an eye, and he is accidentally shot. Will he be entitled under this clause to a treatment?

Mr. GILMAN: If recommended. If the examiner recommends it.

McPHERSON: If he is shot or breaks a leg?

Mr. GILMAN: If the examiner recommends it.

Mr. McPHERSON: This has nothing to do with subsequent treatment of a war service disability.

Mr. GILMAN: He may have typhoid fever, and it will affect any pensionable disability, and he will be given treatment.

Mr. McPHERSON: Does not the recommendation come to this; that any pensioner, for any other reason than that for which he carries a pension, would be entitled to treatment for any disease?

Mr. GILMAN: At their discretion.

Mr. BOWLER: But you have to read that with the understanding that the Pension Board examiners and unit officers are not going to recommend any one for treatment—they know their regulations—unless it has some bearing on the war disability.

Mr. McGIBBON: In one case you take power away from the Pension Board, and in another case you give it to them.

Mr. McPHERSON: But the general trend of the evidence here is that the Board of Pension Commissioners are absolutely an unreasonable body.

The CHAIRMAN: What have we got the Department of D.S.C.R. for?

Mr. MACLAREN: There is no direction on what ground they will be recommended for treatment.

Mr. GILMAN: The department will make their own rules and regulations. For instance, any of us can go in to-day and have a pension examination, and the examining physician says, "If something were done to this man it would improve his health." But we find that it is not carried out, and we cannot get it carried out in some cases. We will give an illustration. Take the question of teeth; a man has tuberculosis in a sanatorium. If it will help his case, they recommend it and give it to him; but he comes out of the sanatorium, and the pension examiner says, "This man will have his teeth attended to." He makes that recommendation, and it is carried out. Some of these men have their disabilities increased, and they are not feeling well in regard to that, and that is one of the reasons why we ask that when a recommendation is made by the examiner, it shall be carried out, because it will help these men.

Mr. MACLAREN: I am not speaking of that section. You do not state the reasons for it, which I think should be in the section, "With a view to reducing his disability."

Mr. GILMAN: That is so, or keeping it stationary.

[Mr. C. P. Gilman.]

Sir EUGENE Fiset: The Department of Soldiers' Civil Re-establishment has power to deal with these cases?

Mr. BOWLER: Yes.

Sir EUGENE Fiset: It is merely a question of their interpretation or good will.

Mr. BOWLER: It is a question of difference of medical opinion between the head office and the examiners in the district. The examiner in the district says that a man should have treatment in order to relieve his pensionable disability. His recommendation goes to Ottawa, and the Board of Pension Commissioners raise a contention, and a controversy arises, and the man does not get treatment, and it ends in the head office not giving the man treatment. That is not stated in a critical sense, but it is what happens very often.

Mr. ADSHEAD: Who is the deciding body as to whether the recommendation of the examiner shall be carried out?

Sir EUGENE Fiset: Have you called the attention of the D.S.C.R. to this special case?

Mr. ADSHEAD: Who is the governing body that deals with it?

Mr. BOWLER: The Board of Pension Commissioners' decision is final, but we have a man on the spot who makes the recommendation.

Mr. ADSHEAD: The treatment is not given on that.

Mr. BOWLER: No. The medical examiner at the unit office recommends it.

Mr. MACLAREN: Take a case where a man lost part of a leg, and later on develops pneumonia. Would that man be entitled to admission to a D.S.C.R. hospital?

Mr. BOWLER: As a layman I would say not.

Mr. MCPHERSON: How would you exclude him?

Mr. BOWLER: Because he would never be recommended by the Pension examiners, in a case like that.

Mr. MACLAREN: I think the section should include some provision to establish some relation to his disability. I think a provision should be added to the section.

Mr. BOWLER: I think the Legion would be quite willing to add that.

Mr. MCPHERSON: Is not the real trouble that the Pension Board does not accept the recommendation of the Medical Board that deals with the case.

Mr. BOWLER: That is exactly it.

Mr. MCPHERSON: How can you fix that by law?

Mr. MCGIBBON: They over-rule that recommendation.

Mr. ADSHEAD: Should not his recommendation be carried into effect?

Mr. CLARK: Must a man wait until the Pension Board has dealt with him before he can be admitted to the hospital and get treatment?

Mr. BOWLER: Yes.

Mr. CLARK: Take the case of a man very seriously ill from his disability, say in Victoria, and the medical officer recommends that he be admitted to the hospital, and be treated. He cannot be admitted to the hospital until the recommendation is transmitted to Ottawa and dealt with by the Board of Pension Commissioners.

Mr. BOWLER: If it is dealt with for the service disability, they have the power; if there is no question about it being a service disability.

Mr. CLARK: Supposing it was 100 per cent disability, and the illness is not due to his war service, what then?

Mr. BOWLER: They have no power.

[Mr. J. R. Bowler.]

Mr. CLARK: What type of case do they admit and treat that is not due to war disability?

Mr. BOWLER: Only in a case such as we are referring to now, where a non-pensionable disability can be treated with a view to relieving the pensionable disability, but in that case they have to get the sanction of the Board of Pension Commissioners before they can do it, they have no power to do it unless it is a war disability.

Mr. MCGIBBON: The trouble is the man is not getting enough attention. You have to take for granted that a man is going to pay some attention to his health himself, and that he is going to do something for himself. The question seems to revolve around his not getting enough attention.

Mr. GERSHAW: Is it not a matter of interpretation?

Mr. BOWLER: A man is given treatment if he requires it, for his war disability.

Mr. GERSHAW: Or any disease which may affect that?

Mr. BOWLER: No, that is where the issue comes in. A man may have something which in the opinion of the medical examiner affects the war disability, and should be treated, having regard to his war disability.

Mr. MCGIBBON: Supposing a man went out and got syphilis, do you think they should treat him for that?

Mr. BOWLER: That is an extreme case.

Mr. GERSHAW: If he has some disease which is affecting the disease which he is being treated for, they would not treat that secondary disease?

Mr. BOWLER: Yes, they would, with the sanction of the Board of Pension Commissioners, but we ask that where in the opinion of the medical examiner in the district office, who has personal contact with him, he should have treatment, and where his opinion is over-ruled by the head office—

Mr. THORSON: In other words, you are asking that the opinion of the actual examiner who personally examined him should govern?

Mr. BOWLER: Yes.

Mr. CLARK: What percentage of the cases has been over-ruled?

Mr. BOWLER: It is hard to say what the number is. You meet them constantly.

Mr. CLARK: I think the greatest trouble would be at points in Canada that are far removed from the head office, and the man's treatment is delayed. The man on the ground, if he is a good doctor, should be better qualified to say whether a man is entitled to treatment.

Mr. THORSON: Under the present system, the opinion of the Pension Board doctors prevails over the opinion of the doctor who has examined the patient.

Mr. CLARK: You have a board of three doctors.

Mr. MACLAREN: I would suggest that the witness redraft that clause. I think there is something in it worth consideration.

By Mr. Clark:

Q. How many doctors comprise the Board of Examiners, who examine a man locally? For instance, in Victoria or Vancouver, would there be a board of doctors to examine a man and report to the Board of Pension Commissioners, or would there be only one doctor?

Mr. BOWLER: Consider Winnipeg, for example: The board is usually the examiner of the Pension Commissioners, and consists of one doctor, who reports to the Board, but he has reference to, and nearly always takes advantage of, specialists, in each department. For instance, in Winnipeg, if the Pension

[Mr. J. R. Bowler.]

Examiner had a neurological case, he would send him to a neurologist, or, if necessary, to an orthopedic specialist, or a chest specialist, and the examiner would usually act upon the opinion and advice of the specialist.

Mr. THORSON: So it is really an opinion of two doctors?

Mr. BOWLER: Of two—and perhaps more.

Mr. ADSHEAD: You do not mean to say that if a returned soldier is being treated for some war disability in the hospital, and some other disease sets in in the meantime, while he is in there,—pneumonia, or some other disease—the man has to apply to the Board of Pension Commissioners before he gets treatment for that?

Mr. BOWLER: No; that is a different case. The regulations cover that. A man who is in hospital being treated for a war disability, and something else develops, they would treat him for that, provided the necessity for treatment for his war disability continued.

The CHAIRMAN: Mr. Barrow has a statement he wants to make.

FREDERICK L. BARROW recalled.

The WITNESS: Mr. Chairman, yesterday afternoon the committee kindly evinced considerable interest in a case that was mentioned anonymously in our program. I found that yesterday I did not have my file with me, and the committee expressed a desire to treat the individual cases hypothetically, rather than as a specific case. I now have the file. The story is very interesting, and I will give it to you briefly. It refers to our suggestion No. 28, regarding the request for prospective dependency of brothers and sisters. I have the name and the number here, but I would like to refer to the case anonymously if I may, because the young girl is now a resident of Ottawa and has a bad affliction and would like the least possible publicity. This is the story:—

“B” enlisted at Winnipeg in 1915 and went overseas in the Spring of 1916. He carried an assignment in favour of his parents.

Mary is the youngest sister. She has a married brother in Winnipeg and a married sister in England but neither were able to contribute to her support. During infancy she had a fall which caused a spinal deformity. This deformity caused her to be very delicate and weakly so that it was only with constant care and nursing that her parents were able to raise her at all. She was educated at Public School when able to attend but was more often at home confined to bed with sickness. She left school when she was fourteen and was at home with her parents. Then her parents came to Canada. After her brother's enlistment she and another sister were living with their parents in Winnipeg. In August 1917, the sister who had been working left for Ottawa to be married.

At that time the father had become almost blind as a result of cataract, and the mother was allowed separation allowance. This together with the assigned pay of the boy was insufficient to support the parents and the girl. Through the influence of a friend she was able to procure a position in the Grain Growers' Guide, Winnipeg, as assistant to book-keeper on July 15th, 1918, just two weeks before her brother was killed.

“B” was killed in action on July 31st, 1918, at which time Mary was earning \$18 per week. She continued for a period of somewhat under a year. She found the position beyond her strength and her parents decided that they could all probably live cheaper on the pension which had been granted on the death of her brother if they went to live in Scotland. Accordingly, in several months' time they broke up their home, selling

[Mr. F. L. Barrow.]

everything they possessed. The girl came to stay in Ottawa with her married sister before proceeding overseas. Her fare was paid out of the \$200 or \$300 which her brother left her when he went overseas.

Soon after reaching Scotland the father had a stroke—the mother having one later. The father finally died on February 24th, 1922, and the mother was left a cripple from the effects of the stroke. The girl's health became much worse, her heart becoming seriously affected presumably because of the curvature of her spine. The girl and the mother being unable to help themselves, the married sister at a great sacrifice went over from Ottawa and nursed them for eleven months being eventually able to bring them both back to Canada to her home in Ottawa.

The case first came to the notice of our Service Bureau at Headquarters in June 1923, when the girl asked us to make application on her behalf and on behalf of her mother for the maximum pension payable. They had been receiving \$50 per month from the date of their return to Canada; previously following the death of the father it had been \$40 per month. This was taken up with the Board of Pension Commissioners and pension was increased to \$60 per month with effect May 1st, 1923.

Under Section 35, subsection (2) of the Statute it is provided that not more than one pension shall be awarded in respect of the death of any one member of the forces. Section 36 provides, however, that the Commission may in its discretion apportion a pension between several pensionable applicants.

In or about August 1923, this point was discussed with the invalid girl with a view to obtaining if possible a decision by the Board of Pension Commissioners that a part of the one pension should be allotted to her as of right in order to protect her in case of the death of her mother. The question was taken up with the Pension Board but it was then remarked that the girl had not according to evidence on the file been dependent upon her brother at the time of his death as required by Section 34 subsection (5) of the Pension Act. Therefore, quite properly, the Pension Board ruled that she was not eligible for an award.

There are a number of cases—and I think the Secretary of the Board of Pension Commissioners will corroborate my statement—where a number of awards of pension originally granted to a mother of a deceased member of the forces has been revised, and part thereof apportioned to the mother, part to a dependent sister. This is possible where the sister was dependent on her brother upon the actual day of his death. There are, on the other hand, a number of cases—and I think the Secretary of the Board will again support my remarks—where such apportionment is impossible because the sister is not a pensionable applicant under the requirement that she must be wholly, or to a substantial extent, maintained by the brother at the time of death.

The mother died on October 9th, 1923. The pension of \$60 per month which had entirely supported mother and sister ceased.

In regard to the meritorious clause, I distinctly remember advising this girl not to put her case up to the meritorious clause at that time. The function of the service bureau is, after all, to give the best advice possible to the applicant. We have found from observation that usually a case was not favourably considered under the meritorious clause if there was something in the Act which distinctly made its acceptance illegal. I think in this case that my opinion was also partly based on conversations which I had with members of the Pensions Board, not definitely bearing upon this case, but speaking generally. These gave me the idea that it would be inadvisable to present the case. I wanted to avoid what seemed to me to be the probable refusal, because if the case had been refused under the meritorious clause, it would not naturally have been such a good case to bring before this committee at the present time. I

have a note on my file that I told this girl nearly five years ago that I felt it had been an oversight on the part of those who drafted the Act in omitting some provision for prospective dependencies of dependent sisters, under circumstances such as applied to her case. Since then, although more recently, the case has been, or is, under consideration under the meritorious clause, but nothing tangible has resulted to date. Thank you.

The Committee adjourned until March 1st, 1928, at 11 a.m.

ADDENDA

RESOLUTION *Re* SOLDIERS' PENSIONS AND DEPENDENTS

(Submitted by Madam J. A. Wilson, President, National Council of Women of Canada)

Moved by Mrs. Scott, seconded by Mrs. Creswick, That whereas many returned soldiers were unable for various reasons to avail themselves of the benefits of the Soldiers' Insurance Act while it was in force. Therefore, be it resolved:

That we do petition the Federal Government through our National Council, that the Soldiers' Insurance scheme be re-opened for a period of one year and also that the amount of insurance for which application may be made should be increased from \$5,000 to \$10,000. And that the privilege of applying for such increased amount should also be accorded to such who have already obtained policies. Carried.

Moved by Mrs. Welch, seconded by Mrs. Edwards,

Whereas it appears that The Pension Act and regulations thereunder are in some instances unduly harsh, unwieldy and discriminatory and not calculated to advance the best interests of pensioners, applicants for pension of wives and dependents of said pensioners and applicants.

Be it therefore resolved: That the National Council of Women, in Annual Meeting assembled do endorse the enclosed memorandum requested of the Pension legislation by the Canadian Legion of the British Empire Service League, with special regard to that section which affects the marriage laws.

25. That Section 32, subsection (1) be amended as follows: After the words "resulted in his death" add "or before the first day of September, nineteen hundred and twenty-one", (the official date of the Declaration of Peace).

While the necessity of protecting the country from imposition by fraudulent or death-bed marriages is fully recognized, the great majority of widows affected appear to fall in the following classes:

- (a) The case where subsequent developments show that the disease must have existed at the time of marriage, although its presence was not recognized.
- (b) The case where marriage took place after the first disappearance of the injury or disease, but at the time when the disease had so subsided that there was no reasonable expectation of death, but the man subsequently died of a recurrence.
- (c) The case where there was a bona fide engagement to marry before the appearance of any injury or disease. It is obvious that social criticism would be levelled at a person defaulting in such engagement.

The prospect of a widow's pension can hardly have been in any case, an inducement to marry, as the Act has never contained such a provision.

An amendment to cover certain post-discharge marriages has been successfully passed by the House of Commons as follows:—

Bill 192, Clause 5, June 23rd, 1922. Bill 205, Clause 15, June 13, 1923. Bill 255, Clause 9 (b), (1) July 16th, 1924. Bill 70, Clause (8) (1) May 5th. But in each case was rejected by the Senate.

Further, that the recommendation of the Ralston Commission as shown on page 31 of the Second Interim Report on second part of Investigation dated May, 1924, shall be given effect in regard to all marriages contracted on and after the first day of September, nineteen hundred and twenty-one; that pension shall not be paid if marriage was contracted at a time when symptoms existed from which a reasonably prudent man, making reasonable enquiries, would have known of the existence and the potential seriousness of the injury or disease which ultimately resulted in death, provided however, that it shall be conclusively presumed that such symptoms did not exist if, at the time of the marriage, an injury or disease previously known was so improved as to have removed any resultant pensionable disability.

Carried.

THURSDAY, March 1, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

The CHAIRMAN: Mr. Barrow has a statement he wants to make in regard to the report of the proceedings.

Mr. BARROW: Mr. Chairman, I find I have been misquoted. On page 50 of the Special Committee proceedings, No. 3, of Monday, February 27th, 1928, I am quoted as having said, "Probably a lot of these suggestions might very well be handled under the meritorious clause without necessarily making an amendment to the statute." I hope I have made it clear to the members of the committee that that is exactly what we do not feel. I deny the accuracy of that report.

The CHAIRMAN: The remark was made by the Chairman.

Mr. BARROW: To make it quite clear to the committee I would like to say that the object of dealing with these cases under the meritorious clause is based on four reasons, which are (1) the uncertainty. There is an inevitable element of uncertainty in dealing with a case under a meritorious clause which does not come under statutory provision. Where the statute is definite the applicant or his representative can determine whether or not the requirements can be made. Like a problem in geometry, he has the problem and can or can not solve it according to the information he has. Under the meritorious clause, like a question in ancient history, one never knows whether one has said enough.

(2) The delay: because the machinery would appear to be slightly more involved than that of the ordinary pension claim, and because an applicant or his representative would be loathe to present the application without having explored every possible channel for more evidence.

(3) The corporation: the meritorious clause provides a compassionate pension or allowance which sounds decidedly like charity, not like a provision as of statutory right, bought and paid for.

(4) The amount of compensation: this seems to be discretionary, limited only by a maximum.

These classes of cases we thought might properly be dealt with by an amendment to the statute giving pensions under certain conditions as of right.

The CHAIRMAN: I have before me a memorandum of resolutions submitted to the Special Committee on Pensions and Returned Soldiers' Problems, on behalf of the Amputations' Association of the Great War, the Sir Arthur Pearson Club for Blinded Soldiers and Sailors, and the Canadian Pensioners' Association. I have read over this memorandum, and every item of it has already been referred to, and fully explained by the officers representing the Legion.

Sir EUGENE Fiset: File it.

The CHAIRMAN: But we have already asked the Canadian Pensioners' Association, and the Amputations' Association to come here and give evidence. I may say that had I known it was only a repetition of the evidence already

given, I would have seriously discussed with the members of the sub-committee as to whether or not we should have invited evidence. I can only call the attention of the committee to the duplication of evidence, and to say that in the future we will try as far as possible to avoid such duplication.

Sir EUGENE Fiset: Over and above this written submission, they may have some other cases to present.

Mr. HALE: With your permission, Mr. Chairman, I would like to make a reference to number 5 on the supplementary agenda for the purpose of quoting a case which covers the recommendation.

Mr. GERSHAW: Referring to treatment?

Mr. HALE: Yes. This deals with the payment of medical expenses previous to the man's application for treatment and pension. In order that you may properly understand the matter, I should like to quote a case which we will refer to as "X". This man was admitted to the sanatorium for treatment in March, 1925. He was entirely ignorant of the fact that his trouble was attributable to war service. His first application to the Department for treatment and pension was in November, 1926, after a lapse of eighteen months. Subsequently he established his claim for pension and treatment, and made a claim for reimbursement of the treatment expenses incurred prior to the date of his application. The Department states in a letter, dated 7th February, 1928, that treatment and expenses cannot be paid prior to the date of application. That is the point we wish to make.

Mr. Ross (Kingston): In that case, when you have established eligibility for pension, is there any reason why it cannot go back to the treatment referred to.

Mr. HALE: Section 27 (b) of the Act covers the payment of pensions.

Mr. Ross: There must be some reason why the Pension Board would not put him back to the time of his treatment. It is clearly a part of his disability.

Mr. HALE: That is the point we wish to cover.

Mr. Ross: Did they give any reason to you?

Mr. HALE: The expenses incurred by the man were prior to the date of his application for pension. Therefore, they state they cannot reimburse him.

Mr. Ross: I did not get the date. How long previous to the date of his application was his treatment?

Mr. HALE: About eighteen months.

Mr. Ross: And he could only go about six months?

Mr. McPHERSON: When was the pension made retroactive?

Mr. HALE: Six months prior to the date of the application.

Mr. Ross: They are not bound to.

Mr. BOWLER: Unless they admit an assessable degree of disability on discharge from the forces.

Sir EUGENE Fiset: But still there is a proposal for us to amend this clause "Six months previous to" and if this goes through, it will cover your case.

Mr. Ross: That will be reviewed again.

Mr. BOWLER: And pension paid in accordance with the extent of the disability during the post-discharge period.

Mr. Ross: When you are on the subject of treatment, are you going to refer to the matter of pay and allowances during treatment? Perhaps I have no right to introduce the subject here, but it refers more to your case than to any other. A man on a pension comes in and gets pay and allowances dur-

(Mr. R. Hale.)

ing the time he is under treatment. I think that is a most expensive system of carrying on. I think the pension should continue right through without any interference. In most cases, they are 100 per cent disabilities. Are you going to take that up, or treat it in any way?

Mr. HALE: We are not raising that issue at this time.

Mr. ROSS: I think it is a most expensive way of carrying on the matter before the Department, and it interferes with a man's home affairs to have the pension suddenly cut off during the time he is under treatment. My opinion is that the Pension Board should carry that man along, and there should be no interference.

Mr. HALE: Speaking for the Legion and the Tubercular Section, we should be glad to see that done, but we are not raising that issue at this time.

Sir EUGENE Fiset: Which is the most important for the man, the pension, or the pay and allowance?

Mr. HALE: The pension, if he is considered as a total disability.

Sir EUGENE Fiset: In the generality of cases, the pension is larger than the pay and allowance.

Mr. ROSS: The pay and allowances are only two dollars a day.

The CHAIRMAN: I know of one case, because it is my own case. I am drawing a certain pension, and at one time the D.S.C.R. ordered me to the hospital for treatment. If I had drawn the pay and allowances of a major, I would have got more in the ten days than I was getting as pension.

Mr. ROSS: That does not refer to the tubercular cases where the pensioner gets 30 per cent.

Mr. HALE: I think the question raised particularly affects those below the rank of captain. A private for instance, admitted to hospital, who was in receipt of a total disability pension, suffers a penalty of \$30 a month which is taken to cover hospital treatment.

Mr. McGIBBON: Do they pay everybody that pension who goes into the hospital, and do they naturally treat him as 100 per cent disabled?

Mr. HALE: That is our understanding.

Mr. THORSON: On the question of treatment, may I ask for my own information, is it the practice in the case of persons who are in receipt of pension, and who are sent to the hospital for treatment, that during the period of treatment, their pension is cut off, and they are put on pay and allowance.

Mr. HALE: That is so.

Mr. ROSS: That is what I am getting at. It is an expensive thing.

The CHAIRMAN: Yes, and it takes some time before the pensioner is re-examined, and a full pension awarded.

Mr. McGIBBON: That is the principle on which it is cut off, is it not?

The CHAIRMAN: The presumption is that if he goes into hospital for treatment, or for further operation, he is supposed to be cured, or if not cured, his condition is supposed to be improved, and I suppose that would involve a diminution of his pension.

Mr. ROSS: The cases which I refer to are tubercular cases, where there is 100 per cent; he may not be getting that 100 per cent. These things can be corrected more easily than by throwing him on pay and allowances, and jerking him back again to his pension. In the meantime there are one or two intervals in which his family suffers.

(Mr. R. Hale.)

Mr. McGIBBON: The theory is right, but the practice is not.

Mr. BOWLER: How would that apply in the case of a man hospitalized for pension for aggravation? Say his entire disability was 100 per cent pensionable, 50 per cent for aggravation, and he was put into the hospital. In that case his pension would only continue at the rate of 30 per cent, and he would be at a great disadvantage, if he were on pay and allowance.

Mr. McPHERSON: If a man goes into the hospital, he is certainly disabled, and the simplest way would be to pension him while in the hospital for a full disability instead of on pay and allowances. If there is a readjustment, it does not affect his pension.

Mr. BOWLER: If the Board of Pension Commissioners find he is entitled only to one-half of his aggravation during service, they cannot very well increase it beyond that.

Mr. McGIBBON: The method they adopt is the best one if they can properly carry it out.

Mr. BARROW: Instead of transferring his account from one book to another, from pension to pay and allowance, and back again to pension, the suggestion is that the pension should automatically be increased to 100 per cent.

Mr. McGIBBON: I do not think that that would work out satisfactorily.

Mr. ROSS: I know lots of them who, during the time of the readjustment, were left out.

Mr. BOWLER: I do not think the Legion would want to have the present system changed, unless there was some assurance that in the case of treatment, the man would be at no disadvantage compared with the condition he is in at present.

Mr. McGIBBON: He had better keep what he has got.

The CHAIRMAN: The point is, it seems to be costing more.

Mr. ROSS: I would like to know whether the Legion is in touch with these cases or not. I have a petition now on that very point, referring to tubercular cases.

Mr. HALE: It is a very live question. You take a man and place him in a sanatorium. He has been receiving a total disability pension, and you make a deduction of \$30. You are penalizing a man who can least afford it.

Mr. ROSS: It is not a question which touches the other cases.

Mr. HALE: We have been reluctant to bring it forward because we do not wish to hurt the aggravation cases, nor do we wish to hurt the officers.

The next question we wish to refer to is No. 9. Yesterday, it was proposed that this recommendation might be redrafted. It deals with the granting of treatment to pensioners for non-pensionable condition, and we have prepared the following redraft which we submit to the Committee:—

That the recommendations of district office medical examiners to grant treatment with pay and allowances for conditions other than pensionable conditions in cases where, in the opinion of such examiners, such treatment will reduce or otherwise benefit a pensionable condition, shall be accepted and given immediate effect; thus obviating the possibility of delay which may occur under present regulations.

We hope that this will meet with the approval of the Committee along the lines of the discussion yesterday. You will note that we are endeavouring to define that the treatment recommended will improve the pensionable condition. In other words, it will reduce his pensionable disability.

Mr. ADSHEAD: It may, or it may not.

The CHAIRMAN: The next item is the question of the housing scheme for tuberculous ex-service men. It should possibly come later on in the course of

[Mr. R. Hale.]

our deliberations, but Mr. Hale, as I said before, resides in London. Is it the wish of the Committee that we hear him now?

Mr. HALE: Item 10 of the supplementary agenda for tuberculous ex-service men reads as follows:—

The Ralston Royal Commission after due consideration recommended that there was a need for houses for this class of disabled ex-service men. It will be apparent that property owners are reluctant to rent houses to men known to be suffering from tuberculosis. For medical reasons it is necessary that the ex-service man suffering from tuberculosis should have proper conditions at home to continue the treatment routine given him at the Sanatorium.

Certain moneys were appropriated to carry out an experimental Housing Scheme at Kamloops, B.C., but same was not proceeded with. It is now requested that the following scheme be put into effect:—

1. A limited number of houses to be erected at various points in the Dominion, at a cost of approximately \$4,000 each, built on a plan suitable for the purpose intended.

2. Ex-service men suffering from tuberculosis to be given an opportunity of purchasing said houses on a thirty year payment plan with interest charges as low as can be arranged. Man would pay on a monthly instalment basis.

3. The Tuberculous Veterans' Section of the Canadian Legion would recommend applicants, and location of house would be decided according to where man desired to reside.

4. That in the event of the death of the purchaser, and the widow being unable to continue the payments, the Tuberculous Veterans' Section would undertake to find a suitable purchaser to take over the existing contract.

The housing situation, so far as the tubercular cases are concerned, have been more or less of a problem. A man is taught certain things in a sanatorium. A certain routine is laid down for him to carry out, in order to protect his family, in order that his life will continue, but we find by experience, that very few houses are so built as to enable the men to carry out the treatment routine. Then, there is the difficulty, as explained, of being able to rent houses. Many of our men are put to great expense in moving. As soon as the landlord finds that he has a tubercular case on his property, he often intimates to the man, either by raising the rent, or by a straight notice, that he does not desire him as a tenant. This is a purely experimental proposal. It was gone into very extensively by the Royal Commission, and we would like to ask that this Committee carefully consider it as an experiment. Certain sums of money were appropriated and the money is there to carry out the scheme. It was only the details of the previous scheme which were questioned and that caused the scheme to be abandoned.

Mr. THORSON: When were those plans made?

Mr. HALE: About four years ago.

Mr. GERSHAW: Have you any idea of the number of cases that would require it?

Mr. HALE: There is no doubt, if the scheme was available, that there would be hundreds of applicants. We would have to be very careful in making recommendations. There are certain types of cases, certain men; those where there is a reasonable expectancy that they are going to live.

Mr. GERSHAW: It would not be for advanced cases?

Mr. HALE: No, sir.

[Mr. R. Hale.]

Sir EUGENE Fiset: Where are these monies now?

Mr. McGIBBON: Everything goes back to the 31st of March; everything that is not spent.

Sir EUGENE Fiset: There are certain provisions in the law and it can be used for the same purpose. Is this money revoted every year?

Mr. ADSHEAD: Do you know why this experiment was not proceeded with?

Mr. HALE: Yes, sir. The original proposal was a rental one. That is, we would rent these houses to the men. That was not found to be a suitable proposition; the government did not see that they should rent these houses on a low rental basis. That is why we bring forward the idea of purchase. The men would have an interest in paying for their homes, and would be given the opportunity of buying suitable homes.

Mr. ADSHEAD: Was the rental idea the sole reason for abandoning the proposition?

Mr. HALE: The question of the amount of rental, and what the men should pay, were the chief causes for the abandonment of the scheme.

Mr. McGIBBON: What did you propose that they should pay a month, under this scheme?

Mr. HALE: On the 30-year plan, the monthly payment would be approximately \$22.25, which is very reasonable. The men, of course, would undertake to pay the taxes and repairs on the property.

Mr. McGIBBON: Do you think they could do it?

Mr. HALE: We think they could, sir, under that scheme.

Mr. McGIBBON: I do not think they could.

Mr. McPHERSON: Presuming the man was totally disabled.

Mr. McGIBBON: And just had his pension.

Mr. McPHERSON: Could he pay that amount of money per month and the taxes?

Mr. HALE: He would have to do it to-day under much more unfavourable conditions. Take in the city of Toronto, for instance, he cannot rent a house of a suitable type for that amount of money.

Mr. McGIBBON: Supposing a man is totally disabled and he has got, say, a wife and one child; his pension would be, roughly speaking?

Mr. HALE: \$115.

Mr. McGIBBON: Deduct from that sum \$22 a month, that would leave \$97, would it not? He has got to keep his family on that.

Mr. HALE: What does he do to-day, sir?

Mr. ADSHEAD: He does not live in a four thousand dollar house.

Mr. HALE: We consider it a very, very live question with these cases.

Mr. McGIBBON: I think you are putting too big a burden on him.

The CHAIRMAN: As we have no other witnesses this morning, and if that concludes the evidence of the Tuberculous Veterans, I think we will ask Mr. Scammell, of the department, to tell us what has been done with reference to this very scheme, and what motives actuated the department in not putting the recommendation of their own department into effect.

Mr. McGIBBON: We might also take up the question of employment.

The CHAIRMAN: Are there any more suggestions?

Mr. HALE: We have just one more reference to make to No. 2, sir. I am going to ask Mr. Bowler to give you a further explanation on No. 2.

[Mr. R. Hale.]

Mr. BOWLER: The Tuberculous Section of the Legion have asked me to refer back to their recommendation No. 2, covering section 11, of the Pension Act. They wanted me to make their intention quite clear, but I think that they have made it fairly clear themselves.

Under the law, as it stands at the present time, the Board of Pension Commissioners are required to find, as a fact, that a condition is related to service, or aggravated during service, before they can make a favourable award. To do that, they naturally govern themselves by what they consider to be a preponderance of the evidence, one way or the other. That means, in effect, that they look at each case from the standpoint of probability, and not of possibility. In practice, it seems to have worked out as follows: that where they have medical opinion only, no matter how substantial it may be, in favour of the applicant, they consider that that creates a possibility but is not sufficient to create a probability. Where they have, in addition to the favourable medical opinion, evidence of continuity of the condition since discharge, then they consider that they have a probability, a preponderance of evidence, and they make an award accordingly. The contention of the Tuberculous Section is this: that in the great majority of cases that have come to their notice, where responsible medical authority has indicated an opinion that the condition is related to service, usually, in the long run, the case is established. It is against the delay, occasioned by the necessity of getting evidence of continuity that they protest, and it is on that ground that their recommendation is made. As a rule, if they start out with a favourable medical opinion, they establish their case, and they are suggesting that where they have a medical opinion in the first place the case should be recognized.

Mr. McGIBBON: This goes much farther than that?

Mr. BOWLER: In effect, that is what they mean.

Mr. McGIBBON: Infinitely farther than that.

Sir EUGENE Fiset: They want a decision on the case before it has been finally proved?

Mr. BOWLER: They say, (reads)

That in all cases where a disease exists, recognized by responsible medical authority as being slow and insidious onset and progression, and in which a possibility of service relationship exists.

They mean by that, a possibility established by responsible medical authority.

Mr. McPHERSON: If a medical man is put under oath to give his evidence and is asked the question, "Would you swear there is absolutely no possibility of this disease having existed before?" he would probably reply in the negative, would he not? He could not swear to it?

Mr. BOWLER: But if there is a reasonable possibility?

Mr. McPHERSON: If it is a reasonable possibility, does it not become a probability?

Mr. BOWLER: That is the point. The Tuberculous Section can quote you cases where experts on tuberculosis, the heads of sanatoria, have definitely expressed an opinion, that the condition is related to service. In the province of Manitoba, Dr. Stewart has expressed such an opinion. But the point is that, under the present practice, the Pension Board do not consider that such an expression of opinion creates a probability or a preponderance of the evidence. They say, "In addition to that, you must get your continuity of symptoms." That is where all this delay comes in between the date of application and the date of its final acceptance. Without necessarily binding themselves to a literal interpretation of the suggestion, as it appears, that is really the problem which the Tuberculous Veterans are seeking to solve.

[Mr. J. R. Bowler.]

Mr. McPHERSON: That is the thing we have to solve.

Mr. THORSON: Would it not be better to put it this way: instead of saying, "in which a possibility of service relationship exists," say, "in which a reasonable possibility of service relationship is shown to exist, or proven to exist"?

Mr. BOWLER: That would be all right.

Mr. HALE: That is a practical suggestion.

Mr. McGIBBON: That does not help it any.

Mr. THORSON: The point Mr. McPherson raised is this: that a doctor might, in all cases, negative the impossibility of service relationship, and from that it would follow that there was a possibility of service relationship. So that, in almost every case, if the doctor were put on the stand and asked a question relating to the possibility of service relationship, to prove the possibility of service relationship, something more would be required than that.

Mr. BOWLER: I think the Tuberculous Section would, perhaps, go this far: that they would require a specialist to say, "In my opinion, this condition is related to service." If he says that, and if he is a recognized specialist, then they do not think that they should be put to all this delay of getting further evidence of continuity.

Mr. THORSON: That should be clearly provided for in the draft, and I do not think it is.

Mr. McGIBBON: I do not know where you are going to get laws to permit a pension to be granted without some evidence.

Sir EUGENE Fiset: They want to differentiate between the family physician and the expert. If they have the evidence of an expert, I think it should be admitted as possible evidence.

Mr. THORSON: Prima facie evidence.

Mr. BOWLER: I venture to say, in every case that I have ever experienced, where a case has been started off with the opinion of an expert, such as Dr. Stewart, eventually that case has been granted after a period of time.

Sir EUGENE Fiset: That specialist would be prepared to swear, but I doubt if the family physician would do that.

Mr. BOWLER: I do not think we would ask that the opinion of the family physician should be taken.

Mr. McGIBBON: That would be very unwise, because the family physician would naturally feel with his patient.

Sir EUGENE Fiset: Exactly.

Mr. McGIBBON: If you read this, see what it involves, "in all cases where a disease exists, recognized by responsible medical authority as being of slow and insidious onset and progression," that practically includes everything but your acute diseases. It includes practically everything in which there is a possibility of service relationship. There is not a chronic disease in which there is not a possibility that some work in the trenches, some exposure, or having been under gun-fire or shock might be brought in. A lot of them might be very improbable, but it has happened before.

Mr. BOWLER: Perhaps it would appear to be a more attractive proposition if it were made clear to the Committee that there should be responsible medical opinion given in favour of service relationship.

Mr. McGIBBON: I think you should have something along that line. You cannot take it for granted; you cannot put people on the pension list without evidence. You will never get it through the House of Commons.

[Mr. J. R. Bowler.]

Mr. McPHERSON: To off-set that, Mr. Bowler, your own remarks show that where the expert has given his opinion there is a possibility, that his opinion has been accepted.

Mr. BOWLER: Except for this point, sir, that, as a rule, there will be a delay of anywhere from six months to three, four and five years.

Sir EUGENE Fiset: And in the meantime the family suffers.

Mr. BOWLER: In the meantime the family suffers, and often the men themselves.

Mr. McPHERSON: That is the misfortune of dealing with any Department of the Government; there seems to be a delay. It is not the law that causes the delay, it is caused by the delay in getting evidence before the Board satisfactory to themselves.

Mr. BOWLER: And which is an inevitable delay.

Mr. McPHERSON: The amendment will not cure that.

Mr. BARROW: Dr. McGibbon said, earlier in the proceedings, that insanity was creeping across the country among pensioners. If there is no definite evidence of a post discharge medical incident which would probably have given rise to the insane condition now existing, how would you suggest dealing with that case, except by assuming, provided the opinion is backed by responsible medical authority, that the insanity had its origin on service? The insane cases would also come under this, the very cases you mentioned the other day. This would not apply where responsible medical authority gave the opinion that the present condition had its origin in that post discharge medical incident.

Mr. McGIBBON: I would not think for a minute of putting insane people on the pension list without some evidence, any more than I would these. The point is, there is a definite medical connection between insanity and shock, and service exposure, which the Pension Board and the law have not yet recognized. They will have to recognize that sometime, in my opinion. That is not the same question as this. You ask that presumptive evidence be sufficient to put a man on the pension list, without any positive evidence at all.

Mr. THORSON: It is more than presumptive evidence, as I understand it. If the specialist states that in his opinion the disability—

Mr. McGIBBON: This does not say that.

Mr. THORSON: That the disability is due to war service, that shall be considered as prima facie evidence of service relationship. The clause, as drafted, does not express that idea. I think it ought to be redrafted to make that perfectly clear.

Mr. McGIBBON: I am talking about this clause that is before us; I am not talking about some hypothetical thing that you have in your mind.

Mr. BOWLER: I agree that the clause, as drafted, does not express that, but what I am trying to do is to explain what the Tuberculous Section intended to convey by that clause.

Mr. THORSON: The clause does not express that.

Sir EUGENE Fiset: On the other hand, you have told the Committee that in every case where expert evidence was submitted to the Board, in the long run the case had been adjusted.

Mr. BOWLER: That is general, but there would be exceptions.

Sir EUGENE Fiset: I think the only evidence that could possibly be accepted either by the Board of Pension Commissioners or this Committee, would be expert medical evidence. I think this clause should be redrafted.

The CHAIRMAN: Are we not now discussing what is to be our recommendation, instead of discussing the point brought up by the Legion?

(Mr. J. R. Bowler.)

Mr. McGIBBON: We are trying to get their viewpoint as to what they would be satisfied with.

Sir EUGENE Fiset: Exactly, and I think in redrafting that clause, to make it very clear, it would help us later on in the discussion.

Mr. McPHERSON: I think it is reduced to this: their proposal, as drafted, is to make a *prima facie* case without any evidence. Their objection now is that the Board of Pension Commissioners do not consider the probability of it being a case worthy of consideration on the grounds that they should consider it, and if medical testimony by an expert is put in, that strengthens the reason for the Board saying, "probably this is so," and allowing the pension.

Mr. GERSHAW: The medical expert would naturally require a pretty careful case history.

Mr. BARROW: It would require some circumstantial evidence. For instance, in the case you speak of, there might be a record in the early post discharge history of the man's instability at work, frequent changes, no reliability. I remember one case where a report came from Queens University that a man was a hopeless failure. I think that before a medical expert gives his opinion, he will certainly require some circumstantial evidence which would definitely connect the case up in the opinion of the Board of Pension Commissioners.

Mr. GILMAN: May I say that every time a man is sent to the expert of the Board his complete history is given to that expert, and he judges from the history and from his knowledge of the disease and his experience in the progression of the disease what is best to do, and he decides from that whether he considers it due to service or not. That has been done for years; these recommendations have been given for years, and yet the men have not been on pension.

Mr. HALE: The suggestion for re-drafting is very satisfactory to us. I would like to explain this; that we only placed this before you as bringing up the subject. We do not pretend to have legal training; we are trying to solve our problem, which is a terrible problem. One-third of the ex-service men in sanatoria to-day are not receiving one cent from the Government, and it is inevitable that something must be done with this question.

Mr. McGIBBON: Do you say that one-third of the ex-service men in sanatoria are not receiving any money?

Mr. HALE: Yes, that is about the percentage.

Mr. McGIBBON: It really is a big problem, then.

Mr. ADSHEAD: Did not the Government last year say they were favourable to this idea? I think I have it on record.

Mr. McGIBBON: What is the extent of tuberculosis in the army as compared with the general public? Do you know?

Mr. HALE: The Royal Commission went into that very thoroughly; it is approximately two to one.

Mr. McGIBBON: That is pretty good presumptive evidence for you; I hope you stressed that in your cases, because if the ratio is twice what it is in normal life it is pretty good presumptive evidence that the service had something to do with it.

Mr. HALE: I may go farther and say this: that in a great majority of these cases admitted to the sanatoria as civilian cases the whole history from the beginning is taken very carefully, and all the diagnostic methods in use in the sanatoria are used before any conclusions are reached.

Mr. McGIBBON: What number would that reach, approximately?

[Mr. J. R. Bowler.]

Mr. HALE: Approximately I would say about 600. Mr. Scammell has very kindly helped us in providing for some of these boys by making small payment out of the disablement fund, and he probably has some figures which would throw some light on that. Tubercular cases in sanatoria in indigent circumstances are given a small monthly allowance from the disablement fund; it is only three dollars a month, but that has been a God-send to these boys who have been left without money. Probably he knows how many cases are being put forward and have been rejected for other reasons. Some of them may have been in receipt of other small monthly sums.

Mr. McGIBBON: You have a record of the 600?

Mr. HALE: Yes.

Mr. McGIBBON: And there must be a lot of which you have no record?

Mr. HALE: Yes.

Mr. McGIBBON: What would they amount to?

Mr. HALE: It is just a possibility, you see. There are some men in the American sanatoria; men who have wandered to the United States to work, and have broken down there.

Sir EUGENE Fiset: But outside of these cases under treatment in sanatoria, there are many other cases which have not been dealt with at all as yet, and I think the usual practice of the department at the present time is that when medical evidence is produced before the Board the man is asked to go to the hospital and be examined by the experts; I think that is the practice.

Mr. HALE: That is to say, if he produces a certain amount of evidence, or his documents contain any information which may lead to that presumption, that is done.

Sir EUGENE Fiset: So, therefore, the department is giving the applicants all the chances possible to go under an examination by an expert to prove his case.

Mr. HALE: Yes; the departments are doing their best to deal with the problem.

Sir EUGENE Fiset: There is a great deal of sympathy existing between the authorities and the applicant at the present time.

Mr. HALE: We have no quarrel with the department.

Sir EUGENE Fiset: It seems to me very important that this clause should be redrafted to make it very clear to us.

Mr. HALE: We would be very glad to do that, with the approval of the committee.

Witness retired.

The CHAIRMAN: If there is no further evidence on that question, I think perhaps we might hear Mr. Scammell, if it is the wish of the committee.

Mr. E. H. SCAMMELL called.

The CHAIRMAN: Mr. Scammell is being examined on Mr. Hale's statement with regard to the housing scheme for tuberculous ex-service men. I will ask Mr. Scammell to say what he wishes in regard to this question.

Mr. SCAMMELL: Mr. Chairman, not knowing I should be asked anything about this subject this morning I have not brought the file with me, and must therefore charge my memory.

The Department has been exceedingly sympathetic toward this proposal, realizing the situation as it has been expressed this morning by Mr. Hale, and

[Mr. E. H. Scammell.]

the difficulty which a man with tuberculosis has in obtaining a suitable house with suitable living conditions, and on the recommendation, I believe, of the Great War Veterans' Association, as well as a number of private citizens, it was decided to experiment with this matter. Kamloops was suggested as the best centre at which to commence such an experiment. After investigating the Kamloops situation, it was decided to refer the whole question to the Ralston Commission, and Colonel Ralston and his fellow commissioners visited Kamloops and included a considerable reference to this matter in the report which was subsequently submitted. After that report was submitted the matter came before a parliamentary committee. The committee also looked at it in the same light as the departmental officials had done, and recommended that we should ask parliament for an appropriation to carry out this experimental scheme.

By Sir Eugene Fiset:

Q. What was the amount?—A. \$30,000.

By Mr. Adshead:

Q. When was this?—A. I am not sure whether it was 1923 or 1924. We obtained the appropriation, and having previously entered into negotiations with the Canadian Red Cross Society, and particularly with their branch at Kamloops, it was decided to carry out the scheme through the Red Cross. A selection was made of a site, plans were drawn for six houses, and everything was ready to go ahead. The scheme was based on forty years' amortization; interest was calculated at 4 per cent; taxes were taken into consideration as well as insurance, repairs and depreciation, it being regarded that these houses, which were to be of wooden construction, would last for forty years and then be of practically no value. When the various amounts making this up came to be added together, the Tubercular Veterans' Association felt that the sum was too large for a man with only his pension to live on to pay.

Q. How much was the sum?—A. I cannot give you the exact figures, Mr. Adshead, but they were quite in excess of \$22.50 per month; I think it was around about \$28 or \$30. Mr. Hale will correct me if I am wrong. That was on the basis of interest at 4 per cent on the money being put up by the government.

Q. That included taxes, depreciation, and everything?—A. It included everything. So vigorous was the protest that the department had no option but to stop the whole scheme, and we have to-day the plans, we have to-day everything so that we can go ahead again if it is the desire we should do so, because we all feel that something of this kind is almost a necessity for men suffering from this disease.

By Sir Eugene Fiset:

Q. Has the money been re-voted from year to year?—A. No, sir; the protest came before the end of the fiscal year, so the money went back into the Consolidated Revenue Fund again.

By Mr. McGibbon:

Q. Was this the best the government would grant?—A. That was what was felt at the time should be done. There would be no actual loss except the difference between the 4 per cent and the actual amount the government was then paying for money, which was somewhere around or slightly over 5 per cent.

Q. This present proposal is about \$22 a month?

Mr. McPHERSON: That is for repayment only.

Mr. HALE: This is a purchase proposal; the other is quite different.

[Mr. E. H. Scammell.]

By the Chairman:

Mr. Scammell, do you remember about what it was considered these houses would cost?—A. Yes, we thought they would cost about \$5,000; the \$30,000 was to put up six houses, including the purchase of the land. I may say that the land was rather a small amount; I think it was about \$700 a lot.

By Mr. Gershaw:

Q. What was the nature of the protest which made the departmental officials drop this scheme?—A. The Association said it was too great a cost; that the men could not pay so heavy a monthly amount—and there was a very great deal to be said for that.

By Mr. McGibbon:

Q. If those figures are correct it would not appear that the figures submitted to-day can be.—A. They could be, doctor, because they do not take into consideration apparently the taxes, insurance, and depreciation.

Q. And they have a thirty year scheme, where you are using a forty year plan, and you both make allowance for wiping out the original debt.—A. Yes, but you have to pay the taxes and you have to cover the repairs.

Q. The taxes would not amount to anything like the difference between your two figures.—A. I have not examined these figures.

Mr. ADSHEAD: One is a thousand dollars more; this is \$4,000, and the other is \$5,000.

Mr. MCPHERSON: I think the departmental figures are approximately correct. I have always understood that where houses have been built from the standpoint as proposed, with an interest charge of 7 per cent, it takes about 10 per cent per annum on the cost to cover all such items, which would be, in this case, \$500 a year, if it were 7 per cent; but if you are figuring it at 4 per cent, it would make a difference in the interest charge, though I think the figures would be approximately correct.

The WITNESS: Our figures were very carefully prepared by our engineers; they were checked by the Red Cross officials in Kamloops and by some experts they called in; they were not arrived at at all hurriedly.

Mr. MCGIBBON: I agree with that; it was the other figures I was in doubt about. Do you remember what that was, Mr. Hale?

Mr. HALE: These are based entirely on our own ideas.

Mr. MCPHERSON: What rate of interest did you mention?

Mr. HALE: Approximately 5 per cent.

Mr. MCGIBBON: That would make it still worse.

The CHAIRMAN: They do not seem to agree.

Sir EUGENE Fiset: We have not the full details, depreciation, insurance, repairs, and so forth.

Mr. MCGIBBON: They were not made by an actuary?

Mr. HALE: No.

Mr. MCGIBBON: I think you are away out.

Mr. MCPHERSON: There is a fixed rate which is easily arrived at; if you take \$5,000 and a rate of interest at 5 per cent, for thirty years, it is just like a debenture; you create a sinking fund which is bound to retire it; the interest and repairs and so forth, would soon bring it up to \$30,000.

Mr. THORSON: Has Mr. Hale not discussed a \$4,000 house, while Mr. Scammell is speaking of a \$5,000?

Mr. MCPHERSON: And a thirty-year period instead of a forty.

Mr. MCGIBBON: And 5 per cent instead of 4 per cent.

Mr. ADSHEAD: But the government would not lose anything because it would be all put back in forty years; there is no grant being given to veterans.

Mr. HALE: We are not asking for any grant under this scheme at all; we are asking for a convenience for thirty years to enable our men to purchase the houses.

Mr. MCPHERSON: I would call the committee's attention to this fact; that \$5,000 investment looks to be exceptionally high, but even if it were lower, on account of trade conditions, in the salubrious climate of British Columbia, if you came down to the prairies, as in Manitoba and Saskatchewan, you have to build your houses warm enough to meet the difference in climate, and you have to increase your allotment by practically one-third to build houses which would be suitable there.

The WITNESS: If the Committee desire, I can bring my entire file on this matter.

The CHAIRMAN: I think the Committee would be glad to go into that thoroughly, because the scheme strikes every one of us, I think, as being a very good one if there is any way of putting it into practical effect.

Mr. GERSHAW: Would provision for only six houses really go any distance toward solving this problem?

The CHAIRMAN: It is purely an experiment.

The WITNESS: It is purely an experiment.

The CHAIRMAN: Doubtless if the experiment had been successful it would have been carried on in other parts of Canada at a corresponding increase in cost, owing to the change in the climate, as pointed out by Mr. McPherson.

Mr. HEPBURN: Is there a real demand for a scheme of this kind from any number of returned men?

Mr. HALE: There certainly would be if the scheme were made available.

Mr. HEPBURN: Have not many municipalities adopted a housing scheme of their own?

Mr. HALE: The houses are not built with this particular end in view.

Mr. HEPBURN: These are specially constructed houses?

Mr. HALE: These are specially constructed houses, with sleeping porches and so on.

The WITNESS: That is the point I was just going to make, when Mr. Hepburn spoke of this. These are not quite ordinary houses. You have to have the outside porches, and to make the interior of the houses particularly convenient for men with this special disability. It is perhaps a little more expensive than the straight construction of similar houses for healthy men.

Mr. BLACK (Yukon): How about the arrangement for housekeeping?

The WITNESS: These were for married men and their families.

By Mr. Clark:

Q. To what class of men would these be sold? Would they be to men able to work and earn something?—A. No; it is presumed these men would have to live on their pensions.

Q. And out of their pensions pay for these houses?—A. Yes, pay for these houses out of their pensions.

Q. Did the department figure that that would be possible?—A. The department recognized the difficulty, and that was one reason why only an experimental scheme was put forward, and we were asked to do that.

[Mr. E. H. Scammell.]

The CHAIRMAN: It has been pointed out, General Clark, by Mr. Hale that, at the present time, these men living in ordinary surroundings are paying rent out of their pensions which, in many cases, amounts to a great deal more than \$22 a month.

Mr. Black (Yukon):

Q. Would these men be allowed to associate with others? For their own benefit should they not be segregated and isolated until cured, instead of living with their families?—A. There is a stage when that might be necessary, but if a man is in that condition he should be in a sanitarium, and not at home.

By Sir Eugene Fiset:

Q. Your department has never taken into consideration the fact that this is a special grant, and that no interest should be charged by the government on such a grant?—A. No, it has not.

Q. It seems to me that would help very materially. Have you taken into consideration that this money would be deposited in a special account with the Receiver General, upon which you could draw without having to go through the regular channels?—A. They do not permit us to do that except in special cases.

Q. It has been in other cases. I have in mind a case where it was done?—A. If the Committee recommends that we try the experiment somewhere else, I do not think there will be any difficulty in getting the necessary money.

Sir EUGENE FISET: I do not think they have been extremely generous in this case. They are trying to advance the money and give some benefit to returned men. On the other hand, they charge him not only interest at four per cent but everything they can in order to recoup themselves for what they have advanced. It seems to me a small experiment should be recommended, but no interest charged for such a special account.

By Mr. Hepburn:

Q. Do you not think this should be viewed from the point of purely an experiment? These men, after having their homes built, will become dissatisfied, and want to desert them. Take the mortality table, you will find they will not live long, and you will have these houses on your hands, if everybody takes advantage of this scheme?—A. It can only be tried out as an experiment first. We thought if it was a successful experiment, then we should be able to carry it still further, and there would be no difficulty in coming to parliament, and asking for a greater appropriation.

By Mr. Black (Yukon):

Q. How long would you carry it on as an experiment. Would you run through to the end of the term as an experiment? In the meantime, what would happen to the other tubercular cases that should be looked after as well as these? You are making an experiment with six houses?—A. Yes.

Q. In the meantime you may have six thousand men who need treatment as much as those six?—A. Do you mean to suggest we should try it with the six thousand.

Mr. MCGIBBON: I think the Government will have to go back to the Soldiers' Land Settlement Scheme.

WITNESS: The experiment was a doubtful one.

Mr. MCPHERSON: You referred to those cases as cases where the patient can properly live with his family?

Mr. HALE: Yes.

[Mr. E. H. Scammell.]

By Mr. McPherson:

Q. Will those cases receive full disability pension, or will they only receive part? That would affect their ability to pay.

Mr. SCAMMELL: In the Pension Act the clause in regard to a man suffering from pulmonary tuberculosis during treatment read:

Pensions for disability resulting from pulmonary tuberculosis, when during the treatment of a member of the forces the presence of tubercle bacilli has been discovered in the sputum or it has been proved that the disease is moderately advanced and clinically active, shall be awarded and continued as follows:

- (a) In the case of a member of the forces who served in a theatre of actual war and whose disease was attributable to or was incurred or was aggravated during military service, and in the case of a member of the forces who did not serve in a theatre of actual war whose disease was incurred during military service during the war, a pension of one hundred per cent shall be awarded as from the date of completion of such treatment and shall be continued without reduction for a period of two years, unless further treatment is required;
- (b) In the case of a member of the forces who did not serve in a theatre of actual war whose disease was aggravated during military service during the war, a pension of ninety per cent shall be awarded as from the date of completion of such treatment and shall be continued without reduction for a period of two years, unless further treatment is required:

And it goes on to say that after the expiry of two years no pension awarded in respect of pulmonary tuberculosis shall be reduced more than 20 per cent at any one time.

Mr. MCPHERSON: Then it would be possible for the department to put a 100 per cent disability man in one of the houses?

Mr. HALE: Absolutely.

Mr. THORSON: Would you leave him there for three years?

Mr. GERSHAW: It might not be advisable to do it, on account of the danger to his family by infection from the sputum.

Mr. MCPHERSON: Mr. Scammell thinks there may be cases where a man is receiving 100 per cent disability pension, yet it would not be safe to allow him to live with his family.

Mr. MCGIBBON: That would not apply to these boys. These men would purchase the houses and live there, and they would be living there for the rest of their lives, and one of two things would happen; either they will die or they will improve, and their pension will be automatically cut down, and they will be unable to handle the scheme. It will be too heavy for them.

Sir EUGENE Fiset: The Ralston Commission in Clause 1 suggests that the government should erect a building and does not say anything about purchase, but clause 2 suggests purchase. If the Government purchases a house and rents it at a reasonable rent, it is a different thing. These are two different schemes altogether.

WITNESS: The way it would work out would be tantamount to purchase. The value was worked out on a basis of forty years.

Mr. MCGIBBON: I am only speaking on behalf of the soldiers. Supposing these boys die, as a number of them will, they will leave houses that will not be very saleable unless to a similar class of people.

Mr. HALE: This is included in the recommendation.

(Mr. E. H. Scammell.)

Mr. McGIBBON: What do you recommend?

Mr. HALE: That the widow be given a chance to continue, and if unable to, we will undertake to provide a suitable purchaser. That is why we suggest only a limited number of houses.

Mr. HEPBURN: That might be, but you will agree that when these men take possession of the houses, and they are not satisfied, and want to move away, and abandon the houses, you could not interfere with their pension.

Mr. HALE: We are willing to take our share of the responsibility. We think we have proved ourselves a responsible body, and if the man is unable to keep up the payments, we have some responsibility in this matter.

Mr. HEPBURN: Suppose a man under the Soldiers' Settlement Scheme had made the same sort of proposal "We will undertake to resell the farm that had been abandoned"; in the condition we are in to-day, you could not carry out your scheme in reference to the Soldiers' Settlement Scheme.

Mr. HALE: The reason we are asking for this is because of the tremendous difficulty that exists to-day in the cost of moving. We have men that move three or four times a year, involving removal expenses plus rental. Just imagine the burden it is on even 100 per cent disability. When it is worked out on a yearly basis, some of the men were actually paying \$45.00 and \$50.00 a month rent.

Mr. GERSHAW: Would these men want to go to Kamloops to live?

Mr. HALE: We are not suggesting any one place, we are not suggesting that the houses be located at any particular point. A man in New Brunswick might have a very satisfactory place to live in, and we think he ought to have an opportunity of living there.

Mr. GILMAN: We are all agreed that the 100 per cent man would like a house. Under this scheme, they might improve and be cut down to 80 per cent, or even to 60 per cent. They say to these men "We think it is better for you to do some work, if your mind is at rest, you will improve." Therefore, if a man has a house that is suitable for him, and effects his cure, he will be a good citizen again.

Mr. HEPBURN: But supposing that same man thinks he must leave that locality in order to get work, he will have to abandon his home.

Mr. GILMAN: We will sell to another returned soldier. If he is buying a house, he has his stake in it, and he is going to keep it up well. There are a lot of men in Ottawa who would like the opportunity to have a house like that, and the house would not be left vacant.

Mr. HEPBURN: I agree that a man in a tubercular position is entitled to every consideration, but we have had experience of housing at Kapuskasing; we have had the municipal housing scheme, and the soldiers' settlement scheme, and we find that that prevails all the way through. They would be dissatisfied, and want to abandon their holdings, and they would be on the government's hands, and you could not undertake to take over the liability.

Mr. ADSHEAD: There are only six houses.

Mr. HEPBURN: So far as the experiment is concerned I quite agree.

Mr. GILMAN: Our proposal is to build houses where there is work for the tubercular men. For instance in Ottawa, there are lots of tubercular men. If we built one house there, there is not the slightest doubt that fifty others would want that house.

Mr. HEPBURN: It seems to me we cannot discriminate. They will all want them at the start. If they abandon their homes, as a lot of them will, because, as has been shown, where a man's pension is cut to 60 per cent, it is in his own interest for him to work, and if he got a job in another city, he

would naturally go there, and you could not hold him back. They would then be on the hands of the government.

Mr. GILMAN: The probability is that he would remain here because his opportunity for work is here. People do not want to employ tubercular men.

Mr. MACLAREN: Is there a sanatorium at Kamloops?

Mr. SCAMMELL: Just outside Kamloops, and a great many men with tuberculosis are living in Kamloops, quite a number of returned soldiers are living there. There is difficulty in obtaining accommodation there, owing to the number of this class of men living in that locality.

By Mr. MacLaren:

Q. Has it ever been suggested to erect a certain number of cottages around the sanatoria?

Mr. HEPBURN: Do you not think that would be better?

WITNESS: It would sound like an ideal scheme.

Mr. HEPBURN: Erect cottages around the sanatoria where they could get the best attention, but do not try to bind them down to buying a home, because they would want to cut loose.

Mr. HALE: The only reason we put forward the present scheme was on account of the objection to the rent.

Mr. GERSHAW: What does the witness think of the scheme suggested by Mr. MacLaren? What would you think of the scheme he referred to of having a number of cottages around the sanatoria, where a man could live with his family if it were found suitable?

Mr. MACLAREN: And live by rental.

Mr. HALE: I think that scheme would be all right so far as affecting terminal cases are concerned. That is the case with a long expectancy of life. A lot of these men have a good expectancy of life, and would want to be put in a condition where they would be able to do a limited amount of work. They would naturally like to live in a community. They do not want to be labelled "You live in a cottage by a sanatorium", because everybody knows what it is.

Mr. ADSHEAD: They are too far away from the source of labour.

Mr. CLARK: On the other hand there is a good deal of work to be done around the sanatorium; they might organize market gardening.

Mr. HALE: There is something in that. But usually speaking, men who get in a quiescent condition are looking forward to becoming citizens. Why should they be placed on one side. You must not forget their children. They are the future citizens of the country, and you must bring them up as well as you can. The officers are reluctant to allow these men to go home for their children's sake, and the result is you have children spending two or three years in sanatoria, separated from their family, and the children not knowing their own father. It is a regrettable thing, and one that has concerned us very, very much. There is the expense to be considered. When you have a man in a sanatorium, and pay for his treatment, and pay allowances, it would be much cheaper, and much more generous on the part of the government if they would make some scheme available, we do not care whether it is a purchase scheme, or a rental scheme, but we do think that something should be done.

Mr. CLARK: You would like to see the houses built in the city?

Mr. HALE: In a suitable location where it would be suitable for the men to live.

Mr. CLARK: I am speaking of the small towns like Kamloops. When a man becomes a 60 per cent pensioner, he is able to do some work. What work is

[Mr. E. H. Scammell.]

there to do in a small place? There is not the opportunity and the scope for work there would be in the large city. On the other hand, there is the objection that when a man is in a 100 per cent position, he will not make the same progress there, and when he gets to the 60 per cent stage, he wants to move to a place where he can get a job. The difficulty we have to overcome is the moving. The man must move to the locality where the work is available. If he had a place in Ottawa, he might get work four or five miles from his house, and it would be too great a strain on the 60 per cent man to travel four or five miles, and work, and he would have to work. That seems to be the difficulty.

Mr. HALE: That is the difficulty, but the idea is that if there is a limited number of houses, the commitments of the government will not be large, and the competition will more than fill them.

Mr. HEPBURN: How are you going to discriminate between one man and another?

Mr. HALE: You would have to decide the cases on their merit.

Mr. HEPBURN: How would you decide the cases on their merits, if they are all 100 per cent cases. You cannot decide on their merits.

Mr. GERSHAW: It was suggested that a man who required diet might be given special allowance for it. These cases might be allowed for in some such way as that. A man who could not get the proper housing accommodation might be given some special consideration.

Mr. HALE: There might be something in that. The need is there. That is all we can say. We put it before the Committee, and ask the Committee to deal with it as they see fit.

Sir EUGENE Fiset: Have you only considered the plan of buying, or have you also considered the plan of rental?

Mr. SCAMMELL: Our scheme was a rental plan, covering a period of years, using it up in forty years. At the end of the first five years, the rental would be a good deal less than at the commencement of those years, because certain repayments would have been made on the principal. At the end of the next five years, there would be a further reduction, and as the principal used itself up, the rental would be reduced.

Mr. CLARK: This is what is going through my mind, that it looks to me as though any scheme must be a rental scheme, rather than a purchase scheme, because the man in delicate health is not going to be permanently located; he probably will want to move to the place where he could get a job. Under your scheme would a man be handicapped by an abandonment of the place at the end of two years, or would he have just paid a fair rental?

Mr. SCAMMELL: He would only have paid a fair rental.

Mr. CLARK: Is that your idea, Mr. Hale, in the case of a man who moved at the end of three years?

Mr. HALE: That is our idea. We are only asking that they be given a fair chance to secure a house suitable for their means at a fair rental, or on a purchase scheme. We would like to see something done.

The CHAIRMAN: They practically guarantee the payment to the Government of this money. They say, "If you advance that much money we will guarantee payment."

Mr. CLARK: On those six houses?

The CHAIRMAN: They only ask for experimental work for the present.

Mr. CLARK: We want to feel, if we recommend a scheme which will work into something of advantage to the tuberculous pensioners generally, that it is not going to be confined to six houses. If it is only going to be worked out

[Mr. E. H. Scammell.]

successfully in these six cases, my idea is to have nothing to do with it, but if it looks like a sound proposition that will work out to the general advantage of these pensioners, then I think we should consider it very seriously.

Mr. HALE: We are willing to take the chance on the six, but, of course, we are quite prepared to go farther.

Mr. McPHERSON: I think there is a strong advantage in having it as a sale and purchase. The monthly payments, either for rent or purchase, would have to be based on the repayment of the investment over a period of thirty or forty years, if you are going to run it as a business proposition, and not as an experiment with a loss foreseen. The advantage, to my mind, is this: if the soldier is paying to the Government an amount—you can call it rent or a payment—it would have to be a sum that would retire that indebtedness in thirty or forty years. He is much strengthened in his desire to get along if he knows that when he finishes the monthly payments he has not been paying rent, but that he owns the property or the equity in it.

Mr. CLARK: That is, if he continues for the full period he will own it? On the other hand, if he drops it in two or three years, he has not been very much hurt, because, if you retire the principal in thirty or forty years, it will not be more than an average rental.

Mr. McPHERSON: That is, in the case that fails.

Mr. HEPBURN: Why not call it a straight rental proposition?

Mr. McPHERSON: Regardless of whether he is paying rent or paying the purchase money, I do not think there is any possibility of the Government holding him to his contract. Therefore, it makes no difference to the case that fails, but in the case that wins out he may have an equity which is of value, not only to himself but to his family, at the end of ten or fifteen years.

Mr. HEPBURN: How many tubercular men of one hundred per cent disability will want to enter into a thirty years' contract? You might as well call it a rental proposition, no question about it; you are not taking any of your capital from it.

Mr. BOWLER: Or renting with an option of purchase.

Mr. HEPBURN: You believe then, Mr. Hale, that there is not enough consideration being given to the returned man with one hundred per cent tuberculous disability, that is, any cash consideration? If, for instance, his pension were increased, do you think he would then be enabled to get the things in life we are all agreed he is entitled to?

Mr. HALE: We are not confining this thing to the one hundred per cent cases at all. There is a need for houses for tuberculous cases. Some of them may be only eighty per cent disabled. So far as the six houses are concerned, we are prepared to go that far, and guarantee that we can keep those houses filled. It is an experiment which we believe will be successful, and in possibly a short time we might come forward and ask that it be extended.

Mr. THORSON: What is the value of an experiment involving only six houses in the whole Dominion of Canada?

Mr. HALE: That is the suggestion put forward. If the Committee feels that it is a good proposition, they might recommend that it be extended.

Mr. HEPBURN: I know a little bit about real estate values in southern Ontario around the villages and towns. I know that good cottages, with probably two or three acres of land, can be rented for as low as \$15 and \$20 per month. If there was an increase in their pension would they not be able to fix these places up to suit themselves?

Mr. HALE: It might help the one hundred per cent case we are referring to, but it will not help the man who has to augment his pension and has to

[Mr. E. H. Scammell.]

secure work. To do that he must reside where the work is available. That is why we are not fixing the locality, even. If we have to suggest a house, we erect it at a point where the man desires it, where he knows his conditions are going to be suited.

Mr. HEPBURN: I know the troubles of the Soldier Settlement Board, and I know what they are up against. We all agree that the government, at the time, decided the thing in all sincerity, but it has been a gigantic farce. If that sum of money were placed at the disposal of the returned men in other ways, they would have benefited a great deal more.

Mr. BOWLER: The Soldiers' Settlement scheme cannot be placed at the door of the ex-service men.

Mr. HEPBURN: I did not say that, I said that the government started the scheme in all sincerity.

Mr. BOWLER: This is really a question of after-care for disabled men, and should be so considered, and not confused with an ordinary housing scheme or anything of that sort.

Mr. HEPBURN: But it is along the same lines.

Mr. HALE: You will save money under this scheme, because these men will remain at home. They will be in better condition and will not require to be treated in sanatoria so often, which is often the procedure. In the end the government will save money.

Mr. THORSON: Why confine your experiment to only six houses?

Mr. HALE: Because that was the original proposition.

Mr. ADSHEAD: They did not wish to guarantee any more at first.

Mr. HEPBURN: I think the government realizes that we are only on the fringe of what we will have to pay for pensions. We do not want to get away from it; we do not intend to, but we do not want to get off the track and get on to something that is economically unsound.

Mr. BOWLER: The government has approved this scheme already.

Mr. HEPBURN: The government approved of the Soldier Settlement scheme at the time.

Sir EUGENE Fiset: This is one of those tentative proceedings that has never been put into effect.

Mr. HALE: We are leaving it to this Committee to solve.

Mr. McPHERSON: If such a scheme is continued, there is no reason why there should not be one for each province, instead of limiting it to six. However, I would not want to be the one who picked the men out of each province that would benefit first under this scheme.

Witnesses retired.

The Committee adjourned until Friday, March 2nd, at 11 a.m.

FRIDAY, March 2, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

The CHAIRMAN: Before we hear Mr. Dobbs and Mr. Marsh this morning, Mr. Gilman has a statement he wishes to make to the Committee.

Mr. GILMAN: Mr. Chairman and gentlemen: Yesterday your Committee suggested that we re-draft proposal No. 2 of the Supplementary Agenda submitted by the Tubercular Section of the Canadian Legion. We have endeavoured to re-draft this proposal, and it reads as follows:—

1. That in all cases where tubercular disease exists in reference to which recognized sanatorium authorities, having access to all recorded facts, and after clinical examination and observation, have expressed an opinion that such disease is attributable to, or was incurred, or aggravated during service, it shall be considered that such disease is attributable to, or was incurred, or aggravated during such service.

2. That in any case where no such opinion has heretofore been expressed, there shall be reference to such sanatorium medical authorities, or to such other chest specialist as may be agreed upon between the applicant and the Department or Board of Pension Commissioners for the purpose of the preceding paragraph.

We also recommend that a procedure corresponding to the above be adopted in diseases recognized by medical authorities as being of insidious onset and slow progression.

W. S. DOBBS and J. F. MARSH called and sworn.

Mr. DOBBS: Mr. Chairman and gentlemen, in order to make our position clear, we do not represent the Canadian Pensioners' Association or any ex-service organization. At a meeting of the Disabled Men's Council in Toronto representatives of the pensioners and the Sir Arthur Pearson Club discussed the matter of placing before your committee the fullest information on the employment facilities at present in operation in Canada dealing with the handicapped ex-service men. It was felt that possibly the Toronto office of the Employment Service of Canada, which I will explain a little later, being the most representative office, and one which carries out in the largest possible degree the various phases of the work, would be the office to select to place before your committee this information. The Employment Service of Canada operate under the Co-ordination Act by agreement between the federal government and the various provincial governments. There are 76 officers throughout Canada and 26 in Ontario. On November 1st, 1924, by arrangement between the Department of Labour and the D.S.C.R., the employment activities of the D.S.C.R. in certain provinces were transferred to the Employment Service of Canada. Certain staffs are on the strength of the federal Department of Labour, but are under the control of the Superintendent of that particular employment office. I believe that this obtains in at least three provinces. I know that it is in effect in British Columbia, and I believe in Manitoba and

[Messrs. W. S. Dobbs and J. F. Marsh.]

also in Ontario. The Toronto office, I might say, is divided for convenience into several departments. We have the indoor skilled tradesmen, we have the outdoor skilled tradesmen, unskilled labour, and labour for construction out of town. We have a professional and business section which deals purely and simply with all the phases of office help, cost accountants, technical men, university men and superintendents of various kinds. We have a boys' department where boys from 16 to 18 are looked after, and the boys are advised as far as possible in regard to planning their lives for future occupation, which requires a lot of intensive work. That brings us to the handicap section. That section operates, as I say, partly under the federal Department of Labour and partly under the provincial Department of Labour. I am speaking in this case of the Toronto office which I know. We have five men on our staff who are federal appointees and the rest of the men are provincial appointees. For convenience' sake we have men of a great many types of disability, but for convenience we divide them into fifteen classifications. There are leg amputations, arm amputations, head disabilities, trunk disabilities, leg and foot disabilities, arm and hand disability, ear, eye, heart, lungs, old age, hernia, mental condition, nervous condition and other medical conditions. When a man comes to us we first of all try to find out whether he is a pensioner or a commuted pensioner. As such, under the regulations, we register immediately, because we have all the facilities available for finding out about his disabilities and employment record, so far as the D.S.C.R. goes. If he should be a discontinued pensioner, or an ex-service man who has broken down, we have to have proof that he has a real disability. We unfortunately find that we cannot absolutely depend on the man's own statement regarding his disability, but thanks to the medical officers of the D.S.C.R. we have an arrangement whereby they examine a man and they report on his disability, whether he is entitled to pension or consideration from employment point of view, for our guidance. The reports are all confidential. For the man whom they cannot touch at all, we have an arrangement with the clinic of the Toronto General Hospital, and they give us the same information, so that we can pass on it and register for the different types of employment.

The CHAIRMAN: What is the nature of the arrangement? I suppose there is a payment.

Mr. DOBBS: So far there has been no question of payment. The outdoor office of the Toronto clinic has generously placed the means at our disposal for dealing with these cases of a special type. They deal with a lot of civilians as well as ex-service men, but the majority of the ex-service men are dealt with by the medical branch of the D.S.C.R. When a man comes in he is classified. I might say we are getting an increasing number of men who are either burnt out—in years they are not old, but mentally and physically they are very old, and what the reason is I do not know. We are getting quite a proportion of what are really serious problems.

Mr. ADSHEAD: Due to war service?

Mr. DOBBS: As far as we can judge. Of course we are not able to judge.

Mr. ADSHEAD: You could not attribute it to anything else.

Mr. DOBBS: No, it has happened since they came back from the war in every case. They are registered, classified and arranged. Then we have the scouts. They go out and interview the employers, and endeavour to find openings, having regard to the types of disability we have on hand, the various

[Messrs. W. S. Dobbs and J. F. Marsh.]

types of men, and they find placement and bring them in and we select the men for the job. The details of that will be dealt with by Mr. Marsh who is in charge of the handicap section of the Toronto office. But I want to point out in passing that the work is intensive. You cannot pigeon-hole a man and say that he is fit for such-and-such a job. It is individual work. Each man must be placed in a suitable job, having regard to his temperament, physical ability and all the rest of it. There are at the present time certain legislative aids in the matter of the employment of war disabled. We have a proviso in the Civil Service Act of Canada.

The CHAIRMAN: When you say "war disabled," do you draw a distinction between the man who has a disability attributable to service, and the man who is an ex-soldier and has a disability which he does not know is attributable to service.

Mr. DOBBS: Yes, we have to make a distinction.

The CHAIRMAN: Will you try to make that distinction clear?

Mr. DOBBS: We have men who are distinctly entitled to consideration from the D.S.C.R. for "due to war" disability. The Pension Board and the medical branch of the D.S.C.R. have all admitted that it is due to service. There are doubtful cases, and there are cases where it is not due to any of the causes. But in all those cases the disability has appeared and the man has broken down since service. Whether it is due to service or not I am not in a position to say, but there is a distinction. There are two large classes of cases. These are the problem cases, and that is the class of men we are going to have to deal with more and more as the years go on, the man that is breaking down now. A great many of them are not old men as far as years go, but are very old men as far as their mental and physical abilities go.

The CHAIRMAN: From the standpoint of legislative aid, has a distinction been made and if so what is it, between these two classes?

Mr. DOBBS: No. I do not know of any legislative aid that applies to these men that are not entitled to the benefits under Order in Council, P.C. 1315.

Mr. MacLAREN: What is the date of that?

Mr. DOBBS: I could not give you the date of it. It has been amended lately. I understand that under the new order in council where a man is a pensioner or has been a pensioner—

Mr. MARSH: P.C. 1315, June 30th, 1927.

The CHAIRMAN: I think we will proceed with more method if Mr. Dobbs would tell us what is being done for the disabled men who have proved entitlement, and then after that show to us what has been done for those who have not proved entitlement, and then perhaps give us some suggestion as to what we should recommend.

Mr. DOBBS: The first is the proviso in the Civil Service Act whereby a man who is in receipt of a pension for disability incurred on active service, all things being equal, is entitled to preferential treatment in the matter of employment.

The CHAIRMAN: Where?

Mr. DOBBS: In the governmental departments, under the Civil Service Act.

Sir EUGENE Fiset: Fifty per cent preference?

The CHAIRMAN: What it amounts to is that any pensioner who obtains the best mark goes automatically to the head of the list.

Mr. DOBBS: We have order in council, P.C. 2944. This order in Council provides for a three-cornered arrangement between the Civil Service Commission, the Department of Soldiers' Civil Re-establishment, and the department where the man is to be employed.

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. ADSHEAD: What date is that?

Mr. DOBBS: Mr. Marsh has it.

Mr. ADSHEAD: It is since the other one?

Mr. DOBBS: No, it is an old one. It has been in operation for several years. A vacancy is found in some government department that is not yet advertised—

Mr. MARSH: It is dated 1919.

Mr. DOBBS: A vacancy is found in some governmental department and has not been advertised as yet. It is not open to competition. A man is selected by arrangement between the D.S.C.R. and the Civil Service Commission. He is placed on probation for a certain period on pay and allowances, six or eight months or whatever it is. If at the completion of that time he should pass the test set by the Civil Service Commission it entitles him to permanent employment with the Civil Service Commission. It avoids competition, and provides for the placement of quite a number of disabled ex-service men.

The CHAIRMAN: Has that order in council ever been used to any extent?

Mr. DOBBS: It has been used to a certain extent; it could be used more.

The CHAIRMAN: I think that is a new phase of the Civil Service Act.

Sir EUGENE Fiset: It is important to know the date of the order in council.

The CHAIRMAN: It is 1919.

Sir EUGENE Fiset: Was it passed under the War Measures Act? If it was, it would have the force of an act of parliament and if it was passed in 1927 it has not the force of an act of parliament. That is the reason I want to know the date.

The CHAIRMAN: I am somewhat doubtful, if it has not been passed under the War Measures Act, as to whether or not that order in council is not ultra vires.

Mr. SCAMMELL: That order in council was passed under the War Measures Act. When the War Measures Act went out of existence, all the orders in council passed under it lapsed, and this particular order in council was re-enacted under the D.S.C.R. Act.

The CHAIRMAN: So that it is still in force to-day.

Mr. SCAMMELL: It is still in force, and is being used to quite an extent.

Mr. DOBBS: Men have been placed under this order in council in quite a variety of departments; in the Department of Agriculture, for example, as lay inspectors under the Meat and Canned Foods Act and under the Health of Animals Act. We have been able to place a man as proofreader right in the government printing bureau under this order in council, a man who is very badly disabled and would otherwise be practically useless in the labour market, and he is doing his work there 100 per cent. We have placed men in the Department of Immigration and in the Department of Trade and Commerce, and in the Weights and Measures branch, and on the staff of the Inspector of Gas and Electric Meters. We have been able to place one or two with the provincial government, the government of Ontario, under this order in council, in the moving picture bureau. One case comes into my mind in the province of Ontario. Then we had the order in council covering the vetercraft or sheltered employment. That will be dealt with more fully by Mr. Marsh. There was the order in council P.C. 558, the Workmen's Compensation—

The CHAIRMAN: That has been amended, 29th March, 1927. Would you explain to the committee just what the purport of that order in council is?

Mr. DOBBS: The reason for this order in council as I understand it is this: the ordinary employer is not anxious to take on the strength a man who is disabled, and might meet with an accident, and in order to obviate this the

[Messrs. W. S. Dobbs and J. F. Marsh.]

federal government enacted this order in council which provides that in the case of any pensioner with 25 per cent or over, who is on the strength of this industry, meeting with an accident, the compensation costs and everything will be borne by the federal government.

The CHAIRMAN: Each receives the amount allotted to him by the compensation board of the province?

Mr. DOBBS: Yes.

The CHAIRMAN: I understand the government pays this man the full compensation and gets back whatever has been allowed by the Workmen's Compensation Act of the province.

Mr. DOBBS: Yes.

Mr. SCAMMELL: No, the federal government pays the entire compensation and gets nothing back.

Sir EUGENE Fiset: Has the order in council the force of an act?

Mr. SCAMMELL: No. It was passed under the Department of D.S.C.R.

The CHAIRMAN: Will you explain by a concrete case just what happens in the case of a man who is 25 per cent disabled or over and injured under the Industries Act?

Mr. DOBBS: A man named Cleveland, who is employed by Baldwin's Limited in Toronto, a leg amputation case, who, at that time, was receiving 40 per cent, one day slipped or stumbled or something, and his hand went into the roller. The result was that the hand was so badly mangled it had to be amputated. That man is dead, but until his death he was in receipt of a pension for the hand and war compensation for the leg, both being paid by the federal government through different channels, one by the Workmen's Compensation Board and the other by the federal government.

The CHAIRMAN: And the federal government recovered from the Workmen's Compensation Board how much?

Mr. SCAMMELL: Nothing. We paid the entire cost of the compensation with no recovery whatever. We paid the entire cost of the compensation.

Mr. ADSHEAD: Was the man's wages deducted to pay the Workmen's Compensation Board?

Mr. ARTHURS: They do not pay anything in Ontario.

Mr. MCPHERSON: Is that the only use made of the Workmen's Compensation Board, the fixing of the amount of compensation that would have been allowed if he had come under it?

Mr. SCAMMELL: The amount is fixed by the Workmen's Compensation Board, is paid by that board and they reclaim the amount. They send us particulars of the cost incurred, and if a man is pensioned 25 per cent or over we reimburse the Board the full cost of compensation.

Mr. ADSHEAD: Do not the employers contribute to the Workmen's Compensation Act?

The CHAIRMAN: It all depends on the workings of the Act, entirely.

Mr. ADSHEAD: I know they do in Alberta.

The CHAIRMAN: Up until recently in the province of Quebec we had no Workmen's Compensation Board at all.

Sir EUGENE Fiset: It is being organized, Mr. Chairman.

Mr. ARTHURS: That is the principle reason for this order in council. The employer is liable for the whole thing, in Ontario, and consequently, if he employed a large number of men who were not one hundred per cent efficient, it would raise the rate of that particular class.

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. McPHERSON: In Manitoba, the employers pay it all. Why should the employer pay for compensation for disabled soldiers when the Compensation Board receive full remuneration back from the Government?

Mr. THORSON: The employer does not pay it.

Mr. McPHERSON: He does in Manitoba.

Mr. THORSON: That is, in Ontario.

Mr. McPHERSON: In Manitoba, the employers pay the Compensation Board. There is an annual premium, and yet the government pays them the full amount of their liability.

Mr. ARTHURS: The rate to the manufacturer or employer is based upon the number of accidents in that particular form of industry. These accidents are not chargeable against that industry when they come under this particular Order in Council.

Mr. McPHERSON: They do not collect?

Mr. ARTHURS: There is nothing paid out.

The CHAIRMAN: Perhaps Mr. Scammell could throw some further light on the operation of this Order in Council.

Mr. SCAMMELL: The Order in Council was first passed in 1921. The matter was referred to a parliamentary committee, and the committee recommended that this action be taken, in order to make it possible for some of the disabled men to obtain employment. It was urged by many employers that they could not take on these men, because of the added risk. At that time the limit was placed at a twenty per cent pension, and a provision was inserted that, in addition to paying the compensation back to the Workmen's Compensation Board, the premium paid by the employers would be refunded to them direct and deducted from the amount subsequently paid to the Workmen's Compensation Board. That feature, however, of the case apparently did not appeal to the employers, for very few applications were made, and those that were made, caused a great deal of trouble in investigation, and so forth. So that, when the Order in Council was redrafted and numbered, as indicated by Mr. Dobbs—

Mr. ADSHEAD: That is last year?

Mr. SCAMMELL: Last year, that particular feature was dropped and the rate of pension was raised to twenty-five per cent. The procedure is simply this: the employer is in a group, and he pays to the Workmen's Compensation Board a premium based upon the accidents in the group. If, as Mr. Arthurs says, there are more accidents, the premium is higher; if there are fewer accidents, the premium is lower, but the Workmen's Compensation Board deals with the claims, pays the compensation, and then claims from us. In the case of an industry which does not come under the Board, such as the operation of a railway, or of a man who is employed on a farm, if that employer is liable for compensation, we reimburse the employer direct for the amount for which he is liable. We only require that the Compensation Board of the province shall rule upon the case, saying what the compensation would have been if the man had been under that Board.

The CHAIRMAN: I presume that in Ontario they have very much the same system as we had, up till last week, in Quebec? Certain industries do not fall under what we call the Workmen's Compensation Act. Therefore, if an accident occurred, the liability of the employer did not lie, unless negligence was proved. I will give you an example of the work of chopping trees in the woods, under certain circumstances. What would happen to an ex-soldier pensioner, a twenty-five per cent pensioner, who went into the woods to chop trees and had an accident?

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. SCAMMELL: If the Provincial Act did not impose any liability on the employer, then we would make no payment. We simply make it easier for the employer to employ disabled men.

Mr. DOBBS: That brings us down to Order in Council No. P.C.1315, which has been referred to before, and which deals with the man who is indigent; the man who is practically unemployable and who is supposed to be an old man, supposed to have been on pension, though he may not be receiving pension at the time he comes under the provisions of this amended Order in Council. That is the only provision so far made for the case of the man whose entitlement has not been conceded. There is sheltered employment for a certain type; there is vocational training for the men who are eligible for vocational training; there is P. C. No. 2944, covering Civil Service examinations, with the avoidance of competition. A scheme will be presented to you gentlemen on Monday by the representatives of all three organizations; the pensioners, the amputations, and the blind. This will provide for the co-ordination of all existing legislation to avoid unnecessary delay, and to facilitate the business of handling the war disabled. Before I leave the stand, I would like to pay a tribute to the federal men that are on my staff in Toronto. I would like to mention three men in particular, Messrs. Nash, Mundy and Weir. They are all disabled men. Mundy and Nash are old employees on the strength of the D.S.C.R., and their work with us has been wonderful. The individual work with each man that they have dealt with has been wonderful, and I cannot say too much for the gentlemen who are your employees on my staff in Toronto.

The CHAIRMAN: Would you tell us just in what respect, in your opinion, the present legislative aid, in the matter of the employment of disabled men, should be improved? Or would you prefer to leave that to Mr. McDonagh?

Mr. DOBBS: It would be better to leave it to him. This scheme, I might say, provides for a board on which could be placed the authority for disposing all of these various types of cases.

The CHAIRMAN: Do you suggest any new legislation with reference to the disabled man, whose disability is attributable to war service? Have you any suggestions to make along that line?

Mr. DOBBS: I would suggest, rather, the co-ordination of the existing legislation.

The CHAIRMAN: The existing legislation, in your opinion, is fairly satisfactory?

Mr. DOBBS: If enforced.

Mr. ARTHURS: You mentioned two classes; those who are pensionable, and those who have broken down since they left the service. Can you give us any idea as to the proportion that has come under your notice, in these two classes?

Mr. DOBBS: Mr. Marsh will deal with that fully. He will go into the details of that, and the work that has been accomplished; the number of men placed; the types of disability, and all that sort of thing.

Mr. MACLAREN: I would like to ask the witness what his experience has been regarding the clause in the Civil Service Act giving preference to disabled men. Is he satisfied that that condition is being observed by the Civil Service Commission? Are there many complaints, or are the men satisfied?

Mr. DOBBS: I would answer that in this way: the complaints have not come from the local federal officials. I am convinced that the Civil Service Commission are doing their best. I will give you an illustration of that by quoting instances in two hypothetical cities. I do not want to mention the cities, because it deals with the postmasters. The two postmasters dealt with the same problem from diametrically opposite viewpoints. We will name the two cities A and B. A vacancy comes up in B, and a man is to be selected.

[Messrs. W. S. Dobbs and J. F. Marsh.]

The man in this case was a leg amputation case. The postmaster in B selected him and accepted him for training, made his recommendation, and he was passed under the Civil Service Commission, the D.S.C.R., and so on, placed in training and appointed. The postmaster in A could not see it at all. The man had lost a leg and he was of no use to him; he could not deal with him, and did not want to touch him. That is where the trouble is.

The CHAIRMAN: That was under Order in Council P.C. No. 2944?

Mr. DOBBS: That is the one.

The CHAIRMAN: Which admitted these men to the service without the ordinary competitive examination which takes place under the Civil Service Act. That was not quite an answer to the question asked by Mr. MacLaren. As Mr. Dobbs has explained, there is an order in council which provides that before competitions are announced, by co-ordination between the department and the Civil Service Commission and the D.S.C.R., certain cases of severe disability are taken on without the formality of an examination, given training in that particular position, and, if qualified, afterwards taken on and their position made permanent by order in council. That, I understand is the procedure.

Mr. MACLAREN: But in addition to that, there is the preference?

Mr. DOBBS: In regard to the preference, that depends, a great deal, on the attitude of the local head, as to whether he objects to the appointment of the man, or whether he will accept him.

The CHAIRMAN: As I understand the workings of the Act—you will correct if I am wrong—applications are received from a number of persons in the locality for a certain position, say as postal help. If one of the applicants happens to be a returned soldier with overseas service, and he passes the examination sixty per cent, we will say—it may be fifty per cent, but I think it is sixty—he promptly goes to the head of the list and is put ahead of those who may have ninety or ninety-five per cent.

Mr. THORSON: He gets a percentage in preference.

The CHAIRMAN: No, he heads the list, as I am told.

Mr. MACLAREN: My question is whether that is working satisfactorily, or are there many complaints?

Mr. DOBBS: There have been complaints, yes. We had a very grievous complaint from London. There was an arm amputation case employed in the Customs in London—this comes from the Amputations Association—as a permanent Civil Servant for a year. Then they suddenly discovered that he could not do the work.

The CHAIRMAN: That has nothing to do with the question asked.

Mr. DOBBS: That is just preliminary. Shortly after that, another man applied—he was not an amputation case, but he had an arm disability—and they refused to accept him because of this disability. They made recommendations against that man, claiming that on account of his disability he was unable to perform the work.

The CHAIRMAN: Was he at the head of the eligible list, as established by examination?

Mr. DOBBS: As I understand it.

The CHAIRMAN: Owing to this preference?

Mr. DOBBS: As I understand it.

Mr. MACLAREN: Everything depends on the recommendation of the local authority.

Mr. DOBBS: It has a lot to do with it, yes.

Mr. MACLAREN: Is there any way of meeting that?

Mr. DOBBS: We have not found any way of surmounting that difficulty yet.

Mr. MACLAREN: Have you taken it up?

Mr. DOBBS: In the case of the first man, a protest was made to the Civil Service Commission, and then to the department concerned—it happened to be the Department of Customs, and the Honourable Jacques Bureau was minister at the time. After considerable correspondence, the man was placed in a job, and I believe he is still there. The opposition of the local official was finally overcome.

Mr. ADSHEAD: What Dr. MacLaren has reference to is the case of a postmaster in a city who has received a number of applications, and an ex-service man is at the head of the list. He would be entitled to qualify to take that position, say, as a postal helper. Do you mean to say that the postmaster of that particular city can say, "I will not have this man on the job"?

The CHAIRMAN: Unless he gives reasons for it.

Mr. ADSHEAD: And he is not employed. He has the final say.

Mr. DOBBS: No, it is this way: in the placement of the man finally, his objection has its weight, but I would not say that he has the final say.

The CHAIRMAN: The instructions that I have seen go out to the local agent, or head of that particular branch in the locality, read as follows:

Will you kindly employ so and so, according to the way their names appear on the eligible list. If any are refused, you must give the reasons why you have refused them.

Mr. ADSHEAD: But the refusal itself lies with the postmaster?

The CHAIRMAN: Or the Collector of Revenue, or whatever happens to be the case.

Mr. MACLAREN: Have as many as twenty complaints come under your own observation?

Mr. DOBBS: I could not say as to that, sir, that there have been that many. We have ways of getting around most of the initial objections, and have been able to overcome them by a little further explanation.

Mr. MCPHERSON: As a matter of fact, while the local authority in charge, we will say of the Department of Customs or of the Post Office, may report, "I object to this man on certain grounds," it is only a matter of whether his objection receives the support of the Civil Service Commission, or not.

Mr. DOBBS: And his departmental head in Ottawa.

Sir EUGENE Fiset: His department first, and the Civil Service Commission afterwards.

Mr. MCPHERSON: And your way of getting around it is to show that that objection is not valid?

Sir EUGENE Fiset: But there are very few of those cases?

Mr. DOBBS: Not very many.

Mr. MCPHERSON: It is only reasonable to suppose that, in the vast number that come up from year to year, there would be men who would be mentally, and from the educational standpoint, unable to do certain work, and that work might be barred to them on account of physical disability.

Mr. DOBBS: As far as we are concerned in Toronto, the Collector of Customs and the Postmaster, and all the heads of the federal departments there are inclined to co-operate with us in every possible way. (*See also Addenda No. 1.*)

The witness was discharged.

[Messrs. W. S. Dobbs and J. F. Marsh.]

The CHAIRMAN: We will now hear from Mr. Marsh.

Mr. MARSH: Mr. Chairman and gentlemen: I would like to make the same explanation that Mr. Dobbs made, to the effect that I am not here representing any soldiers' organization. I was only advised yesterday morning that I was expected here, when I received advice from the Handicap Department of the Employment Service to make a report to this Committee. I was given to understand that the Canadian Pensioners' Association, the Amputations' Association, and the Blindfold Soldiers' Association, of Toronto, had requested this Committee to ask Mr. Dobbs and I to give a little information regarding the machinery that is already in operation, and to show where, perhaps, the plan that they intend to bring down Monday night be used advantageously along with the existing machinery.

Prior to 1924, in November, the Provincial Government of Ontario, in the employment service, under the Co-ordination Act of the Employment Service of Canada, conducted a handicap section of its own; at the same time, the D.S.C.R. were operating regarding the employment of the disabled ex-service men who were pensioned. Many of these men reported to the Provincial Department at that time, and there was also the class of men about whom we were speaking to-day, the men who did not get a pension, but had a disability subsequent to their return from overseas. Their eligibility for pension had not been decided; it also included men injured in industry and through sickness from various causes, and discharged from the various hospitals in the city, diagnosed to the extent that they were unable to follow their pre-disability occupation.

In November, 1924, the Federal Government saw fit, in conjunction with the provincial Government of Ontario to discontinue the service of the employment branch of the D.S.C.R., and merged it with the employment service of Canada into the handicap department which we have now. I have taken from the annual report the statistics, a recapitulation of which is as follows:

(See Addenda No. 2.)

I would like to mention that the class of men who are registered here are not entirely confined to ex-service men. Owing to the co-operation between the two Governments, the provincial Government of necessity desired to take care of the men injured in industry, with the result that all ex-service men who are in receipt of pension are eligible under the regulations to register in the department. The man who is not in receipt of a pension must either have a report from Mr. Dobbs, from the Christie Street Hospital, or if he is not entitled to have that report, there must be a medical report from the Toronto General Hospital. The other hospitals co-operate with us very well, but we have the best satisfaction from the Toronto General Hospital. We found it was not advisable to depend upon any local doctors' recommendation or diagnosis, because we found—especially prior to the new liquor Act—that a doctor would say a man had bronchitis, and would give him a script which we found was not advantageous from the standpoint of the welfare of the man, and of his disability. So we had an agreement made, and we wish to give the Toronto General Hospital a great deal of credit, which they deserve, because the men whom we send for medical and neurological boards are examined by the entire clinic, and we have a private report on each case, and it helps to place the men in employment which will not aggravate the condition they have now.

We found that the number of disabled civilians, that is, ex-service men without pension, and our own citizens of the province has increased from ten per cent to twenty per cent in 1926, and is now up to twenty-six per cent. That is a result of a number of these men breaking up now; it is very marked. We have men in many cases who have been working since the war for five or six

years, and suddenly they have broken up. They could not stand the strain of competitive industry at the time. A lot of these cases are being reviewed for pension, and a number of them have been placed on pension in a retroactive way.

By the Chairman:

Q. You cannot isolate, for the purpose of giving the information to this committee, for the years 1925-26 and 1927, what you call, "disabled civilians—disabled ex-service men, non-pensionable," from the ordinary civilians who are injured in industry?—A. Not at the moment.

Q. Would it be possible for you to do so?—A. I could do that.

Q. In order that the committee might more clearly understand the increase of these cases in the handicap section?

Mr. ARTHURS: I think that is a very important point.

The CHAIRMAN: We want to get that before us to see what the percentage of increase is among the ex-service men.

Mr. ARTHURS: It is growing every day.

The WITNESS: I will do that, Mr. Chairman. I have here a paper which might be of some use to the committee, but it is too long to read. The office was requested some time ago to prepare a list of clinical problem cases.

The CHAIRMAN: Tell us what you mean by that, and what this list is?

WITNESS: With your permission I will mention a few of them.

The CHAIRMAN: Tell us what a problem case is, generally?

WITNESS: A problem case is something similar to the first one here (indicating). We have the name and regimental number, but I do not think we should use them.

Mr. ADSHEAD: No, that will not be necessary.

WITNESS: We have the case of a man aged 30, single, disability, dementia praecox, in receipt of 75 per cent pension. Owing to his mental condition, he is unemployable. This man is registered in the office; he is unemployable, and we would like to know what to do with him.

Another case is that of a man aged 35, married, with two children; disability, psycho-neurosis, apparent—he is under observation. He was placed on a 50 per cent basis during the present year. He is unemployable on the general labour market at the present time. We suggest sheltered employment to prevent demoralization. This man had been in employment for some time. He was a guard at Burwash, and was in good shape after the war, but suddenly broke up; entitlement is shown, and he is in receipt now of a 50 per cent pension, but he is not 50 per cent employable. There is quite a difference between the two.

We have a man here, a leg amputation, with a six inch stump, aged 39, married, with one child. He is in receipt of a 70 per cent pension, but unemployable owing to his mental attitude. This man is sub-normal, and cannot get a position again. If we find him a job he cannot hold it, and yet he is pensioned for his amputation, without regard to his mental condition.

Mr. ADSHEAD: Is his mental condition attributable to war service?

WITNESS: We are not in a position to say that.

We have another case here of a man aged 48, married, with two children, a telephone line-man before the war. Disability, aneurism of the aorta; 100 per cent disabled; pensionable disability nil; unemployable. This man is not a liability as far as the medical ethics go of the D.S.C.R.; he contracted a moral condition while in Germany which has resulted in his present condition, through no fault of the Government, and he is not receiving a pension at the present time, nor do we ask for one.

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. ADSHEAD: Why do you say that he was not receiving a pension?

The WITNESS: He contracted a disease while in Germany, which has resulted in his present 100 per cent disability.

A man aged 37, with three children; T.B. arrested. We have a case of T.B. arrested 25 per cent. From an employment standpoint, that is not a disability. His particular disability is mental, although when we communicated with the D.S.C.R. we found that the only thing on his record was that he was 25 per cent pensionable on account of T.B. arrested, but upon close observation in the office, when he was being registered and classified, it was noted that he was not quite sound mentally, and we insisted on a further report. Although he was a pensioner we sent this man to the Toronto General Hospital's neurological clinic for diagnosis. We found that plus his T.B. he has dementia praecox, but in the interim, whilst we were gathering this information, some other institution had found him a position for which we could not classify him. They placed him as a watchman in a casket factory; he had to work 13 hours per night, but had only been there two nights when the caskets jumped off the wall, and chased him around the rooms, and out of the building. Immediately afterwards he was admitted to the hospital for that condition, and he is now only recorded as a 25 per cent pensioner on account of T.B., but from an employment standpoint he is unemployable. We have about 250 of these cases here (indicating).

The CHAIRMAN: Who are unemployable?

WITNESS: On the general labour market. We have a large number of men registered with us now who would be very useful. Take the cases of epileptics; we have a percentage suffering from epilepsy. I forget what the exact percentage is, but we have a number of them. Some of them will not take a spell for six months, some will take a spell every day. We have a man working in a firm for three years, who took his spells at night, quite conveniently for himself, but at last he took one in the day time, and was laid off work; but every place he applies for, having been employed previously for three years, when they wrote for references, they were told what the matter with him was, with the result that this man could not get a job, and owing to the fact that we know his condition, we could not in fairness to the employer, send this man to any employment where there was machinery.

By Mr. Adshead:

Q. What do you suggest?—A. The suggestion along that line is that there might be more sheltered employment, with respect to these men. For ten months in the year they are 100 per cent fit, and they could produce, but at the present time, they are being kept on relief.

By the Chairman:

Q. What do they mean by that?—A. Existing on charity, because they do not draw any salary.

By Mr. MacLaren:

Q. Under the term, "Casual employment" if employment was obtained for a man for, say, two weeks in the year, would he be included in the list of "casual employment"?—A. Yes.

Q. If he had only one week's employment, would you include him in that category?—A. Yes.

Q. So the term "casual employment" may mean, extremely little?—A. Yes; to show he has never had a steady job.

Q. And the job may be so slight as to be almost negligible?—A. That is not the point. The idea is this; that a man who is classified as "casual"—

[Messrs. W. S. Dobbs and J. F. Marsh.]

take the class of men who are not included in the neurasthenic, or neurotic condition, whom we cannot recommend for permanent employment; we have the medical cases, such as T.B. and other medical conditions; we have the doctors' reports that these men must not work more than three or four or five hours a day, and yet we have no employers in Ontario willing to take men for that period, and disorganize their industry. Therefore, when any position develops, where we could use a man for a few hours a day, these men get the preference for the small casual jobs. We have men who are on relief in permanent jobs; we have men who cannot take permanent jobs because they cannot hold them.

By Mr. Adshead:

Q. You do not mean to say that sheltered employment would overcome all these difficulties?—A. No.

Q. Have you any suggestions there—A. Yes. But in the various problems of the men who are unemployable, there seems to be nothing except that an allowance be made, instead of arranging it in the relief department.

Q. I think the other gentleman (Mr. Dobbs) cited the case of two other cities, (a) and (b) where applications were made by two men under similar circumstances; where one man was turned down, while the other was accepted. What do you suggest for a condition of that sort?—A. That would not apply. The men Mr. Dobbs referred to were both amputation cases. If there were nothing wrong with a man, excepting a leg or an arm off, there is not much wrong with him on the labour market.

Q. But one superintendent said he would have the man, while the other said he would not have him on any account?—A. I happen to know a little about that case. One of these offices was a small post office, while the other was a large one. The information that went to the Civil Service Commission from one of the offices was that they were already overmanned with disability cases, and an additional one would impair their efficiency. This would not apply in a larger office, and he could be fitted in. With the amputation cases, without any further complications, a man is not difficult to place. All the amputation cases have been classed as a group, but we have to treat each one individually, because there are no two cases alike. Therefore, if a man has a physical disability, where there is a mental reaction, we find he must be treated separately before any action is taken regarding placement or anything else.

The gentleman (Mr. Adshead) asked about any suggestion we cared to make to overcome this. First of all, I would like to show how these men are progressing. The problem cases have increased during the last nine months. From the Christie Street Hospital alone, we had 173 men discharged suffering from T.B. or chest condition; 77 with heart conditions; 17 with epilepsy; 14 mental cases; nine paralysis; and 65 with war neurosis, and neurasthenia. These war neurosis, and neurasthenia cases are not being dealt with as they should be at the present time, through no fault of any one; they are only just developing. The government has handled them very well up to the present, both governments working in conjunction with each other. But these cases are developing, and forming a situation which we now have to meet.

Mr. McPHERSON: Will you tell me what these two cases mean? You give the medical terms and I do not understand them.

Mr. MARSH: In war neurosis we find these men, through the strain of competitive industry, cannot stand the pressure at the present time.

Mr. McPHERSON: The nervous strain?

Mr. MARSH: Yes, it is all nervous condition. In some cases we find that where the foreman reproves a man the man goes up in the air and does not

[Messrs. W. S. Dobbs and J. F. Marsh.]

come down again for a long time. He cannot stand the pressure. We find they cannot stand the pressure and they become morose, and are put into the hospital and lose interest in things going on around. These men cannot compete with the rest of the men in the plant, and the employer will not take them.

Mr. McPHERSON: What would you suggest for these cases?

Mr. MARSH: In the first place a review should be made of all of them. There are so many applications of this kind that the employment service cannot handle them, we are primarily there to collect the men for employment, to find out this man's disability, to try to ascertain what he has left, to salvage the efficiency he has left, and to replace him in employment. We find that those nerve cases were not successful. There are just a few odd cases that were fitted in the right place, and the employer knows all about the man before he comes in. But with a number of mental cases we cannot do anything in placing them, Mr. Dobbs mentioned cases between fifty and sixty; we have two men who are seventy-three. The average age in employment is 41.5, or rather the average age of registration in the handicap department is 41.5. They are getting old men anyway, owing to the fact that it is quite ten years since the war. Their disabilities are becoming aggravated, and we find that if a disability becomes aggravated the pension does not go up accordingly. The result is in those 25 per cent problem cases we have men classified as 90 per cent disabled and only receiving a pension of 10 per cent.

Mr. ADSHEAD: That extra 10 per cent was on account of war service, and they have become worn down.

Mr. MARSH: No, the government does not claim that. They have granted pension to the extent of 10 per cent for bronchitis or two or three fingers off, and we find further medical disabilities, especially when they get to be 50 or 55. We find medical disability, plus the neurosis which is evidence that these men are breaking down; yet when the medical adviser examines for a medical pensionable disability he can only assess it at 10 per cent.

Mr. McPHERSON: Ninety per cent is what the department assess it at?

Mr. MARSH: In the employment market.

Sir EUGENE Fiset: Does it not mean that such pensioner's case should be reviewed?

Mr. MARSH: I am not bringing that up. I will just get to that quickly. We have, as Mr. Dobbs mentioned, these orders in council. The government have tried to solve these questions, and they have been very difficult problems to solve, but we have had in Ottawa since the war these orders in council that have been enacted. I will not take time to go over them again but we find in brief these orders in council arranged for such of those men as are breaking down. We have the sheltered employment, and in fact in the handicap department, regulations to the effect that if one of these men who were diagnosed as unemployable on the general labour market, or untrainable, or where no further medical treatment is required, this man is automatically entitled to go into the veteraft shops. We have a veteraft shop in Toronto, and these men are entitled to be admitted to the veteraft shop and do certain lines of work and receive pay for the work they perform. The veteraft shops have several men working under observation. The slight neurosis cases can carry on there, because they are not under pressure. The pressure is low, but we find unfortunately that the veteraft shops for several years have been filled up, and while the government agree that these men are entitled to go in, there is no room for them, with the result that these men are still outside and have been for a long time, and are becoming more demoralized than ever. If the veteraft shops could be increased it would help, but when we mentioned that matter before we were advised that it is a difficult proposition in the veteraft shop to sell the articles that are being made on a paying basis.

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. CLARK: Why not make something that can be sold?

Mr. MARSH: There is the point, Mr. Chairman. If the vetcraft shop is really sheltered employment and is a training ground for these men who have been in hospital five or six years, if it can be used as a training ground for these men, to train them up, to ascertain their adaptability; then we should not expect a large turnover; we should not expect large profits from the vetcraft shops. I do not think the profits should be a consideration. I think the salvage of the men should be the consideration.

Mr. McPHERSON: Why not a profit? If you are turning out a commodity in a shop that is unsaleable, is there not something that could be made that would be saleable?

Mr. MARSH: Yes, that matter was taken up at previous parliamentary committees. We were told it required legislation from time to time on protected industry, but I did not intend to bring that up at this time about the protected industry or about protection on certain articles imported from foreign countries. It is not my intention to go into the tariff question, but take the doll industry or the toy industry; if we could have a toy industry, if these men from different sections of the country showed that they could produce toys, and they could not be imported into this country until over and above the amount made by the ex-service men, I believe we would make progress.

Mr. CLARK: What about the private investor who puts his money into the making of toys?

Mr. MARSH: That is why I am not bringing it up.

Mr. SPEAKMAN: On that point, I understand it is not so much the question of the article being unsaleable as it is of the high overheads; in other words, they cannot compete with other goods of a similar character. That is the real problem I understand.

Mr. MARSH: I believe that is it.

The CHAIRMAN: You come back to the question of bonusing.

Mr. SPEAKMAN: It is not a question so much of demand, but of the high cost of production. The articles cannot be sold in competition with goods of a similar character.

Mr. CLARK: The witness said there was no good market for them, which would indicate it is not a question of price.

Mr. SPEAKMAN: That is why I ask the question. Is it because these goods are unsaleable, or is it a question of the high cost of production that they are unsaleable, and that they cannot compete with goods of a similar description?

Mr. McPHERSON: Enumerate four or five articles you make in those shops, so that we will have some idea.

Mr. MARSH: I believe the chief things are kitchen tables and washboards. I believe that sometimes they are confined to that.

Mr. McPHERSON: Those two articles then are in common demand; so that the result of their not being sold must be on account of the high cost of manufacture.

Mr. MARSH: They claim they can be sold cheaper by other firms, and they cannot compete with their prices.

Mr. SPEAKMAN: That is the point. I was under the impression that they were what you might term useless or ornamental articles.

Mr. MARSH: Oh no.

Mr. SPEAKMAN: That is what I wanted to correct. According to the present witness it is a question of competition.

Mr. ADSHEAD: Your problem was not with the men in the vetcraft shops but with the men who could not get in.

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. MARSH: That is the point. We would like—I should not say we would like, but it would help a number of these men that we have on our hands at the present time. A man who has been in the hospital five or six or seven or eight years is discharged from the military hospital and sent down to the employment service. He has been in the hospital away from the general environment all that time. We write him up and interview him and try to find out what he can do or what he has been doing. He does not know himself. He has been out so long that he has lost confidence in himself. He has probably had very little experience before. We may have a man whose medical condition is very well cleaned up at the time being, and if it were possible to try that man out, we might place him. We do not want to make a mistake with the employers in the province, because when a man makes a mistake they won't want to deal with us again. We have to play the game with the employers, so that we can go back and get these men placed. Therefore we have to be careful with the employers. There are certain employers with whom we are in closer contact than with others and we try some of these men out and try to overcome the difficulty, but generally we can't do that. If we could have a section veteraift shop to try some of these men out under supervision. In the first place 90 per cent of the men want to make good; none of them are not trying and it is remarkable the men that are helping us to make good in the service. But if we had one or two months to see how the man could adapt himself, try him out, and if we could have a report from the sheltered employment or veteraift shop that this man was adapted to a certain line of work, we could use him. Then there are a number of these men who are young yet. They were boys when they went away. Some of them had vocational training in the early days of the war. We wrote them up and we found a large number of them had had vocational training. But in many cases the training was wasted on them through their own fault, and in some cases through general conditions. We are not saying whose fault it was but these men had vocational training, some of them in 1919 and 1920, and now we are in 1928. When we ask "What did you take up?" they say, "So-and-so." We ask "Have you any experience in that line; did you follow it up?" The man will say "No, I could not get a job in that line." These young fellows were a little wilful and perhaps did not want a job in that line, and from the fact that they had just come from overseas they were perhaps not trying anyway. In many of these cases, fellows say, around forty—they could be reclaimed with a short course of instruction. I do not mean to suggest that vocational training be re-opened, but in certain work we are dealing with the D.S.C.R. successfully. In certain lines of work only short courses would be required to specialize in machinery. In certain things they must have experience. If we could have some of these men pulled out, and give them one month's or two month's training in a particular line or job, we would have very little difficulty in placing a number of them who are not neurological cases.

The CHAIRMAN: Do you suggest that they should be placed with employers in industry, and that their wages be paid by the government during the time they are being tried out, or do you suggest that the government establish a factory or school in which they should be trained?

Mr. MARSH: No, I think that certain firms would be willing to take a man in when they know his experience in his own line of work; for a month or two months he is no good to the firm. At the end of one or two months—

Mr. MACLAREN: Just like an apprentice.

Mr. MARSH: Just like an apprentice. At the end of one month or two months he will be worth something to his employer, and he will fit in to his employment, but I would suggest that that be done with employers who will give us a guarantee that that man will be employed by them permanently.

Mr. BLACK (Yukon): Has that suggestion been worked on?

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. MARSH: It has been worked on in the D.S.C.R., but it is not going along as well as it might, for this reason; regarding this sheltered employment vocational training, the admittance to the indigent man's home that Mr. Dobbs referred to, regarding these orders in council that provide something for the majority of these disabled men, we find that the disabled men do not know about them. A disabled man goes into an office and he is looked over and sized up. It is only an employment office, and if he can not be placed in employment he is recommended perhaps to the D.S.C.R. as a likely case for a vetercraft shop. He is recommended there, but he cannot be placed there because there is no room. The disablement is quite eligible for employment but the disablement case in which we are very much interested is this: a man is examined for a vetercraft shop and found not to be eligible. Instead of being approached and examined to find out what he is entitled to get, we find he is turned down and let go again and has to begin all over; he has to make another application for vocational training. He will make that application and probably not be entitled to vocational training, and at the same time the thing that would really fit in and that he is entitled to—he may be a man of sixty or a single man, a widower, and he may be entitled to go to the indigent men's home. In many cases they want to go there. He has to make a specific application under a particular order in council.

The CHAIRMAN: Lack of co-ordination in the administrative branch of the department.

Mr. MARSH: Yes. Take a man on vocational training; we have certain men discharged from the hospital who are entitled to the full amount of vocational training as long as the opening is suitable, and so on. Before this man can get training his case has to be gone into, which is quite right, and must be submitted to Ottawa. The decision as to his eligibility on vocational training is decided by someone in Ottawa. It must have had its advantages or it would not have been done. The unfortunate part for the men is that this decision is made by someone in Ottawa, who never sees the applicant. We find that we should never try to place a man, and an employer should never try to take a man he has never seen. You cannot draw a character picture of the applicant, because they are all different. You cannot size him up and say, "this man is a mechanic," and so on. If he is a fit man, you will have to have his references, and so on. We have to consider each man on his individual merits. If the decisions could be made in Toronto for the Toronto section, or in Winnipeg for the Winnipeg section, or in Vancouver for the Vancouver section; if a decision could be made as to the eligibility for the position, it would be better. The suggestion that will be brought forward on Monday is that a board of three qualified ex-service men might be appointed in the large centres. The tendency would be that disabled men, who are not working, would gravitate to the established employment service office. The employment office, through their experience, would realize immediately that it was not a case for straight employment. If they found that it was not a case for straight employment, they could have this Rehabilitation Board, or the Co-ordination Board, or whatever it might be called, to which to refer the man individually. In that way, and only in that way, could we have a review of all these new conditions which are prevailing.

The CHAIRMAN: What about the man in the category marked as "Employable," what could they do with him?

Mr. MARSH: They would have the power to decide his eligibility for sheltered employment, or for retaining, where necessary. Then, there are the indigent men who medical treatment would help. There are cases where there is a medical condition that cannot be directly due to the war, but it may be indirectly due to the war.

[Messrs. W. S. Dobbs and J. F. Marsh.]

Mr. ADSHEAD: It cannot be traced directly to it?

Mr. MARSH: Surely. It is felt that if a man is unable to take employment, owing to his present condition, if a little course of treatment would remove that condition and make him employable, the Board would have power to recommend it to the D.S.C.R. Then there is the case that the gentleman referred to. After these Orders in Council had been exhausted, and it was found, after review, that the man did not come under any existing legislation, he could be referred to the Minister at Ottawa as a problem case not otherwise provided for under existing regulations. Then, he would be taken on his individual merit without entitlement. One thing that this Board would do, Mr. Chairman, would prevent entitlement being granted to everyone. There would be a decision reached on the merits of each individual case. We find that the granting of entitlement has not always been advantageous. We find that sometimes a man feels he is entitled to a certain thing, and he does not get settled down in some other line because he feels he is entitled to something else. If this Rehabilitation Board could be appointed—it might be appointed from the staff of the D.S.C.R., or any place else—in these cities, it would help a lot. The departments in the various localities are living up to their regulations; they are doing the best they can, and there is no argument against them, but we find that they have not the power to make decisions themselves; the regulations exclude decisions being reached on certain lines.

Mr. ARTHURS: Going over your experience in the last three or four years, have you found many cases where ex-service men were found to be eligible for pension, who had not been pensioned up to that time?

Mr. MARSH: I could not give the number, but there is a large number.

Mr. ARTHURS: Your department has given some benefit to the soldier outside of employment. You have relieved him in some other way, by securing a larger pension, or by securing a pension where he has not had it before?

Sir EUGENE Fiset: Might I ask, in accordance with your experience, if you think that some of the federal departments here in Ottawa, such as the Public Works, for instance, would not open up a tremendous field? There is the Department of Civil Aviation, with the workshops. Has that been taken into consideration by your organization, or has that been left entirely to the D.S.C.R.?

Mr. DOBBS: That has only applied in certain special cases, sir, not generally. It is only in certain cases that we have been able to get a man into the other federal departments, and that only with the co-operation of the D.S.C.R. It is not a general practice.

Sir EUGENE Fiset: But there is a field there?

Mr. DOBBS: Oh, yes, there is.

Sir EUGENE Fiset: Take the workshops that are being opened at Ottawa, and others that are to be opened at Camp Borden and other points; surely, if there is a department that should employ, to the largest extent possible, the returned man, it is the department of National Defence.

Mr. DOBBS: In the department of National Defence, they are asking for fit men altogether; they do not want to employ disabled men.

The CHAIRMAN: They enlist, or employ civilian labourers?

Mr. DOBBS: They require enlistment.

Sir EUGENE Fiset: It is divided into two classes. There is the civilian aviation, which is separate from the military aviation. In the civilian aviation, under the control of the department of National Defence, there is a big field for mechanics and men who do not need to enlist. I think that is a point that

[Messrs. W. S. Dobbs and J. F. Marsh.]

really deserves more study than anything else we have considered at the present time.

Mr. DOBBS: That is well worth considering. We did try the department of National Defence before, but they would not accept disabled men under the old ruling.

Sir EUGENE Fiset: It is only since last year that the new Department of Civil Aviation has been started.

Mr. McLEAN (Melfort): You mean, to use this department for training men?

Sir EUGENE Fiset: Not only for training men, but for ordinary work.

Mr. McLEAN (Melfort): I would like to ask Mr. Marsh a question. A little while ago he mentioned the Vet-Craft Shops. What would be your opinion of the government declaring a monopoly on some light industry, and keeping others out entirely? Take toys as an example—I do not mean toys specifically, or only—if they declared a monopoly on some light industry, would there be sufficient disabled veterans to produce the necessary amount of goods? Would it be possible to employ them, regardless altogether of their economic value on the market? Would you mind telling us what your opinion is along that line?

Mr. MARSH: That is a thing that would have to be worked out. The toy industry would cover wood, steel, iron, and various other conditions; it would have to be worked out, and statistics given of the men that were employed in these certain lines.

Mr. McLEAN (Melfort): I only mentioned toys as a specific industry. Is there any other light industry of that kind you have thought of?

The CHAIRMAN: In France, tobacco is a government monopoly. The storekeepers are all appointed by the government, and they appoint disabled ex-service men for that work.

Mr. McLEAN (Melfort): I would like to know what you think of the idea, and if you have thought of it as being applied to any light industry?

Sir EUGENE Fiset: The liquor industry would offer one of the finest employments.

The CHAIRMAN: It would be ideal, because it is under government control in nearly every province.

Mr. MARSH: I might say that that matter was taken up. We have the evidence on that which was given in the past. At this time we are not coming to request any further legislation. We were just mentioning what the governments were doing—and they are doing the best they possibly can under the circumstances—trying to show the new conditions that have arisen and making suggestions as to how to overcome them. That is the only information we had when we came down.

Mr. McLEAN (Melfort): Just what organization of returned men do you represent?

Mr. MARSH: We do not represent any. We represent the Handicapped Department of the Employment Service.

The CHAIRMAN: They have been asked to come here by the Canadian Pensioners' Association. The Canadian Pensioners' Association wrote to the Secretary of the Committee asking that Messrs. Dobbs and Marsh come here to represent their views on employment with reference to the handicap situation.

Mr. McLEAN (Melfort): Then, they represent the pensioners?

[Messrs. W. S. Dobbs and J. F. Marsh.]

The CHAIRMAN: To that extent, that the Canadian Pensioners' Association asked that they come here to offer their views.

Mr. MACLAREN: Could the witness tell us the amount of toys that are brought from countries outside of our own?

Mr. ADSHEAD: Germany, for instance?

Mr. MACLAREN: Especially carved wooden toys. Can you give us any information in reference to that? We hear a great deal about it; we hear there is a large amount, but do you know how large it is?

Mr. MARSH: Unfortunately, I would not be in position to answer that.

Mr. ADSHEAD: I would like to ask just one more question. One of the gentlemen made the statement a while ago that they found a large number of the returned men were young in years but old in body. I think you made that statement?

Mr. DOBBS: Yes.

Mr. ADSHEAD: Could you give us some idea of the percentage, or number of returned men that come under your observation, who are young in years, but old in body? And what would you attribute that age in body to?

Mr. DOBBS: In 1,100 applicants we found some 238 men who were burned out. Why they are burned out, I do not know. Their entitlement has not, as yet, been granted. I can give you the case of one man who is 43 years of age and who, to all intents and purposes, is 73 years of age.

Mr. ADSHEAD: He was in the war?

Mr. DOBBS: Yes.

Mr. ADSHEAD: And if he had been in civilian life all the time he probably would not be burned out?

Mr. DOBBS: No. He served four years overseas, and he looks like a man of seventy-three years of age. There is another case of a man thirty-four years of age. He has been considered as one hundred per cent disabled; fifteen per cent pensionable, due to bronchitis, and eighty-five per cent due to neuresthenia, an aftermath of the war.

Mr. ADSHEAD: In your opinion, these cases that are old in body and young in years, are attributable to war service, but you cannot prove it?

Mr. McLEAN (Melfort): Would not a certain percentage of that be due to industrial strain?

Mr. DOBBS: A lot of these men have not had a steady job since the war. They have not been able to hold a steady job; the war neurosis has burned them out so that they cannot stay on a job.

Mr. McPHERSON: And that class of case will increase very rapidly as the years go on?

Mr. DOBBS: The increase has been very noticeable during the last two years.

Mr. ADSHEAD: And in your opinion, it is due to war service?

The CHAIRMAN: Mr. Marsh has certain evidence to place on record with regard to typical placements. I would ask your permission to have that placed in the proceedings. He also wishes to produce a sample circular letter which is issued by the Employment Service of Canada, Ontario Office, showing how the Handicap Department works.

Mr. MARSH: I might say, every month the service sends out a bulletin to every firm in the city of Toronto, and in the county. The bulletin states the various classes of work that the handicapped men can fill efficiently. This bulletin mentions a stock-keeper, who is also a machine shop time-keeper. His age is given as thirty-five, married, and experienced as a machinist from

[Messrs. W. S. Dobbs and J. F. Marsh.]

apprenticeship. Overseas service, four years. Disability, loss of right eye. Seven years experience as machine shop stock-keeper. Good appearance and pleasing personality. Excellent references. Call for number 611. My idea in reading this is: we sent this bulletin out on February 27th, just a few days ago. This was a man who had been a machinist before the war and had lost his eye overseas. Owing to the strain on the other eye, he was afraid to go back to machine work. He was advised to work up the clerical end of it, and the result is that he becomes a really good, first-class machine shop time-keeper. A machine shop time-keeper must have all the information about the machines for taking the time on the various lines of work. This went out on the 27th of February, and in the first three days we had three calls for that man from different firms. Then we have stationary engineers, construction foremen, and various classes of work. I would like to call your attention to the fact that this bulletin is on the Ontario Department of Labour letterhead. I think it is well to stress the co-operation between the two governments, especially in this department. I will now go on and read the letters.

ONTARIO, DEPARTMENT OF LABOUR, EMPLOYMENT SERVICE OF CANADA,

ONTARIO OFFICES,

45 FRONT STREET WEST, TORONTO 2, Feb. 27, 1928.

GENTLEMEN:—In view of the approaching Spring Season, when in all likelihood you will be increasing the requirements of your establishment, would it be possible for you to place a man on your staff who although partially disabled is well able to render efficient service in certain special lines of employment for which he is qualified by training and practical experience.

A number of applicants registered in the Handicap Section of the Employment Service could be fitted into your establishment with further training so that they can render 100 per cent efficient service. This matter can be arranged in co-operation with the D.S.C.R. who will be responsible for payment during training period, provided steady employment for the trainee is assured at the completion of the course.

An Order in Council is operative by which the Government assumes the liability of any firm (under the Workmen's Compensation Act) when employing a pensioner of 25 per cent or upwards, thus relieving manufacturers of financial responsibility in case of further accidents.

This Service is free to employer and employee, and our experience has been, that where partially disabled men have been placed into steady positions, they have proved to be efficient and dependable employees, and we would greatly appreciate an opportunity to place a man in your establishment on an efficiency basis.

Trusting you will give us an opportunity to demonstrate what our selected applicants can do.

Yours sincerely,

W. S. DOBBS,
City Superintendent.

[Messrs. W. S. Dobbs and J. F. Marsh.]

EMPLOYMENT SERVICE OF CANADA

(Ontario Government Offices)

Toronto

Handicap Department

Elgin 1754

Mr. J. F. MARSH

This Department is in a position to supply you with experienced Accountants, Assemblers, Mechanics, Bakers, Bookkeepers, Buffers, Clerks, Caretakers, Carpenters, Cement Finishers, Cooks, Chauffeurs, Doormen, Engineers, Electricians, Elevator Operators, Gardeners, Machine Operators, Messengers, Hotel Help, Timekeepers, First Aid Man, Stockkeepers, Switchboard Operators, Woodworkers, Tool Crib Men, Construction Foremen, Lens Grinder, Oxy-acetylene and Electric Welders, etc.

A few of the many applicants available

Stockkeeper-Machine Shop Timekeeper. Age 35, married. Experienced as machinist from apprenticeship. Overseas service four years. Disability—Loss of right eye. Seven years' experience as machine shop stockkeeper. Good appearance and pleasing personality. Excellent references. Call for No. 611.

Stationary Engineer. (3rd Class Certificate). Age 45, married, 5 feet 6 inches in height and weighs 160 pounds. Six years' experience as stationary engineer. Four years' overseas service. Good references. Call for No. 719.

Construction Foreman. Age 48, married. Several years' experience as construction foreman and cement finisher prior to 1914. Three years' overseas service. Seven years' experience subsequent to the war on excavations, cement, sewer and concrete work. Call for No. 720.

Woodworker. Age 32, married. Six years' experience on Piano Actions, Band Saw, Rip Saw, Boring Machine, Nailing Machine, etc. Can also drive and repair Ford trucks. Tradesman type. Call for No. 452.

Clerk-Stenographer. Age 35, married. Business College Graduate. Four years' overseas service. Eleven years' experience as clerk-stenographer, including two years as private secretary to the Vice-President of Pulp and Paper Company. Good appearance, pleasing personality, office type. Call for No. 1080.

First Aid Man-Male Nurse. Age 45, married. Graduated as Male Nurse in 1915. Three years' overseas service with the Canadian Medical Corps. Considerable experience as private nurse. Three years in last position with large industrial firm as First Aid Man. Splendid references. Call for No. 815.

Switchboard Operator. Age 31, married. Experienced salesman prior to the war. Disability—amputation of left leg near the hip, necessary to use crutches when walking. Three years in last position, services discontinued owing to reduction of staff. First class references, good appearance, pleasing personality and thoroughly capable. Call for No. 915.

Welder and Cutter. (Oxy-acetylene). Age 46, married. Machine shop experience prior to the war. Three years' overseas service. Six years' experience as welder and cutter, including one year as instructor to vocational students in the D.S.C.R. Can furnish excellent references. Fully qualified in every respect. Call for No. 954.

[Messrs. W. S. Dobbs and J. F. Marsh.]

Lens Grinder. Age 30, married. Was trained as lens grinder in 1918 following four years' overseas service. Seven years' experience as lens grinder with local optical companies. Reliable and capable. Call for No. 1058.

Elevator Operator. Age 49, married. Four years' overseas service. Left leg partially disabled. Several years' experience as passenger elevator operator. Five years in last position. Good references, neat, willing, courteous and alert. Call for No. 247.

Caretaker-Doorman. Age 43, married. Height 5 feet 11 inches, weight 183 pounds. Five years' overseas service. Several years' experience as caretaker and doorman with local institutions. Good references and appearance, pleasing personality. Would also make good bank messenger. Call for No. 621.

Maintenance Man. Single, age 60 (appears no older than 50). Four years' overseas service. Seven years' experience as engineer, fireman and maintenance man in local institutions. Can furnish good references. Has good appearance, pleasing personality, and is in possession of 4th class engineer's certificate. Call for No. 439.

For prompt and courteous service phone Elgin 1754.

Typical Regular Placements

No. 1317—

This applicant was employed as a millwright prior to the War. Whilst serving overseas he suffered a compound fracture of the right tibia and fibula as a result of G.S.W., necessitating the wearing of a steel brace. He was discharged from the Army in March, 1920, and after a period of unemployment, he was vocationally trained as a real estate salesman but did not make good owing to lack of education and adaptability for this line of endeavour. He returned to his pre-disability occupation for a short time, but owing to his leg disability becoming aggravated he had to give it up. He was placed by the Handicap Department as a drill hand in a gas heater manufacturing concern where he is able to sit down all the time. He is still permanently employed and is making good. He is 42 years of age, married with five children, and has resided in Canada for 22 years.

No. 1429—

This applicant was employed as a lumberjack prior to service overseas during the Great War. He was discharged in 1919 suffering from dilatory action of the heart. Subsequent to discharge he returned to outside employment but was unable to carry on owing to the heavy nature of the duties, as a result of which he received considerable hospitalization. He was placed in light employment in the stock room of a chemical product manufacturing concern where he is rendering 100 per cent efficiency despite his heart condition. He is 30 years of age, was born in Canada, and is making good.

No. 608—

This applicant enlisted at the age of 17 while employed as a carpenter's helper, was discharged in 1919 suffering from G.S.W. in the left humerus, for which disability he is in receipt of a small pension. He returned to his pre-war occupation and was employed for 4 seasons with the Hydro-Electric Power Commission on construction work until September, 1925, when he was further disabled by an industrial accident

[Messrs. W. S. Dobbs and J. F. Marsh.]

which destroyed the left eye and aggravated his left arm injury, with the result that he lost the sight of the left eye and is unable to raise the left arm above his head. Including the period in hospital he was unemployed nine months when he was referred to the Handicap Department which placed him in a responsible laundry position as a checker and marker. He is married and has resided in Toronto for 16 years and is rendering 100 per cent industrial efficiency.

No. 110—

This applicant is 61 years of age, married, and came to Canada from England 20 years ago. Whilst serving overseas he suffered from G.S.W. in the right ankle, which, together with his present age prevented his return to his pre-war occupation as teamster. He was unemployed for a considerable time and was gradually becoming a casual worker when he registered in the Handicap Department for employment. He was tried out in several temporary positions, and proving satisfactory was placed as janitor in a large office building where he has since been placed on the permanent establishment.

No. 603—

This applicant is married and has resided in Toronto since a boy. Prior to the War he was employed as a farm labourer, but owing to suffering from G.S.W. in the abdomen he was unable to perform heavy manual duties. He was tried out in several temporary capacities and was finally placed as a floor walker in a large departmental store where he is making good. He is 38 years of age, 6' 0" in height, weighs 160 pounds, and has a pleasing personality.

No. 174—

This applicant is 34 years of age and has a wife and five children depending on him. Prior to the war he was a general labourer, but owing to his being severely gassed overseas, he is unable to perform heavy manual labour. He was rapidly developing into a casual worker, having lost considerable initiative, when he was referred to the Handicap Department. He was placed as a light machine operator in a responsible paper manufacturing concern where previous experience was not necessary. Before placing the applicant in this position, investigations were made into the working conditions in this particular plant with respect to ventilation, the prevalence of dust, in order that the physical condition of the applicant would be safe guarded. Conditions were found to be ideal and he is now re-established. He was born in Ireland and has resided in Canada since he was 9 years of age.

Special Phases of Handicap Placements

No. 762—

This applicant was born in Canada and enlisted for service in the late war whilst a student in Toronto. He lost his left leg above the knee in France where he served for 3 years. He was discharged in 1918 and was granted vocational training along commercial lines, but did not make good owing to the fact that his inclination was of a mechanical nature. After considerable unemployment, he registered in the Ontario Government Employment Office and was placed on assembly work as an improver with a responsible calculating machine company where he was assured of permanent employment at the conclusion of a six months' period of special instruction which was arranged by the Handicap

Department. He finished the course and was placed on the permanent establishment in August last, having made good, and is now permanently re-established. This man is considered the youngest amputation case of the Canadian Expeditionary Force.

Mr. McPHERSON: You mentioned eleven hundred odd cases. Were they all pensionable cases?

Mr. MARSH: The regulations of the office are that when an applicant is missing for two weeks, he is put in the old file. In that way, the number will not become inflated. The applicants that are attending three times a week are approximately, at least they were yesterday, about eleven hundred disabled men. Eighty-five per cent are disabled pensioners, and fifteen per cent are not.

Mr. McPHERSON: And your figures are all based on your own office records?

Mr. MARSH: The Handicap Department in Toronto.

Mr. McPHERSON: Have you any idea of the percentage at other points in Canada?

Mr. MARSH: No. I believe there is an office in Vancouver that is operating very well in the same line of work. We have the report in the office, but not here.

Q. You did not check up on that?—A. No, but the reports are in the office.

Mr. DOBBS: In closing, Mr. Arthurs asked a question which I would like to answer. By means of these examinations, we have been able to find that a good many men have broken down; their pensionable disability has become worse, but through an arrangement, we have been able to get a good many back on pension through these examinations. We hope we have presented to you a picture of what is being done, and of the machinery which is in operation now, so that you will have an idea in preparing your amendments, of what you can build upon as being already in effect. We thank you very much for the hearing you have given us, and we hope we have given you some information, which will be of value to you in your deliberations.

The Witness was discharged.

The Committee adjourned until Monday, March 5th, at 11 o'clock A.M.

ADDENDA

No. 1

(Submitted by Mr. Dobbs)

Employment Service of Canada—Operating under Co-ordination Act, by agreement between the Federal Government and the various Provincial Governments. 76 offices in Canada—26 in Ontario.

D.S.C.R. employment activities in certain Provinces—*B.C., Manitoba, and Ontario*—transferred to the Employment Service of Canada, which created *Handicap Sections* to look after war disabled particularly.

Toronto office largest employment office in Canada, has several departments. *The Male Section*—Department for *Indoor Skilled tradesmen*—machinists, electricians, and other indoor trades.

Department for *Outdoor Skilled Tradesman*—including all building and construction work such as Bricklayers, Stonemasons, Carpenters, Plasterers, Lathers, Painters and Decorators.

Department for *Unskilled Labour*—*Farm Department*—*Out of Town Department* which looks after track work, bush work, road work and general construction such as power sites and dams, and so on.

Professional and Business Section—deals with office help, superintendents of construction, draftsmen, engineers and all kinds of technical placements.

Boys' Department—looks after boys from 16 to 18 years of age.

Handicap Section—For convenience, disability cases divided into 15 classifications:—

- | | |
|------------------------------|-------------------------|
| 1. Leg Amputations | 8. Eye Disabilities |
| 2. Arm Amputations | 9. Heart Disabilities |
| 3. Head Disabilities | 10. Lungs Disabilities. |
| 4. Trunk Disabilities | 11. Old Age |
| 5. Leg and Feet Disabilities | 12. Hernia |
| 6. Arm and Hand Disabilities | 13. Mental |
| 7. Ear Disabilities | 14. Nervous |
| | 15. Other Medical. |

Procedure—when a man is registered he is interviewed and full particulars taken—if he should be in receipt of a *pension* or a *commuted pensioner* he is registered without any further question, if he is a *discontinued pensioner* or ex-service man who is *broken down* he is required to furnish proof of his disability. *Agreement with Medical Branch, D.S.C.R.* whereby an ex-service man can be examined with a view to his disability being assessed whether pensionable or not. *Arrangement with the Clinic Toronto General Hospital* for all other men who are broken down or disabled. *Old Age* is considered a disability in many cases and a man is registered in this *Section* because of his age and resultant waning power.

Work of the Scouts in Handicap Section—intensive work both with the employer and in choosing suitable men for the job when an opening is found.

Legislative Aids—in the matter of employment of war disabled—*Order in Council P.C. 2944*—its operation and use—successful placements have been made by means of it. *The Training Order in Council, P.C. 2328*—*Order in Council P.C. 558, the Workmen's Compensation order in council*—where it applies in assisting in the employment of war disabled. *The Old Soldiers Home, Order in Council P.C. 1315.* The *Special legislation* in the *Civil Service Act of Canada*.

No. 2

(Submitted by Mr. Marsh)

EMPLOYMENT SERVICE OF CANADA

TORONTO OFFICES

Handicap Department

SYNOPSIS OF ACTIVITIES—NOV. 5, 1924—OCT. 31, 1927

ANNUAL CAPITULATION

Year	New Applications	Old Applications	Renewals	Placed
1925.. . . .	2,302	2,976	28,042	2,126
1926.. . . .	919	4,110	26,342	2,273
1927.. . . .	920	3,864	24,245	2,341
Totals.. . . .	4,141	10,950	78,629	6,740

NEW REGISTRATIONS

1925—	Grand total.. . . .	2,302
	Per cent	
	Disabled ex-service men.. . . .	89.2
	Disabled civilians.. . . .	10.8
1926—	Grand total.. . . .	919
	Per cent	
	Disabled ex-service men.. . . .	80
	Disabled civilians.. . . .	20
1927—	Grand total.. . . .	920
	Per cent	
	Disabled ex-service men.. . . .	73.9
	Disabled civilians.. . . .	26.1

DISABILITIES OF NEW REGISTRATIONS

	Per cent 1925	Per cent 1926	Per cent 1927
Leg Amputations.. . . .	7.5	4.8	8.8
Arm Amputations.. . . .	4.0	2.9	2.8
Leg and Feet Disabilities.. . . .	13.0	16.8	13.9
Arm and Hand Disabilities.. . . .	12.0	13.9	12.6
Head Disabilities.. . . .	2.0	2.6	2.2
Heart Disabilities.. . . .	8.0	7.9	6.3
Lung Disabilities.. . . .	13.0	15.2	13.4
Trunk Disabilities.. . . .	5.0	5.4	5.3
Eye Disabilities.. . . .	3.0	2.9	3.3
Ear Disabilities.. . . .	3.0	2.6	4.4
Hernia Disabilities.. . . .	2.0	2.3	1.1
Old Age Disabilities.. . . .	4.0	5.5	6.3
Mental and Epileptic.. . . .	3.0	1.6	.6
Other Medical.. . . .	20.5	15.6	19.0

Sheet "2"

PLACEMENTS

Grand total.. . . .	6,740
1925—	
Regular placements.. . . .	640
Casual placements.. . . .	1,486
	2,126
1926—	
Regular placements.. . . .	898
Casual placements.. . . .	1,375
	2,273
1927—	
Regular placements.. . . .	996
Casual placements.. . . .	1,345
	2,341

PERCENTAGE OF DISABLED PENSIONERS PLACED IN REGULAR OR CASUAL
EMPLOYMENT

	Per cent
1925..	81.2
1926..	86.3
1927..	78.5

VARIOUS DISABILITIES OF HANDICAPPED MEN PLACED IN REGULAR OR
CASUAL EMPLOYMENT

	Per cent 1925	Per cent 1926	Per cent 1927
Leg Amputations..	6.5	7.0	8.3
Arm Amputations..	5.5	5.0	2.8
Head Disabilities..	1.0	1.0	2.2
Trunk Disabilities..	4.4	4.3	5.3
Leg and Feet Disabilities..	13.8	14.0	13.9
Arm and Hand Disabilities..	12.1	11.5	12.6
Ear Disabilities..	1.8	3.2	4.4
Eye Disabilities..	2.0	2.0	3.3
Hernia Disabilities..	1.2	1.0	1.1
Old Age Disabilities..	2.3	3.0	6.3
Heart Disabilities..	6.8	7.5	6.3
Lung Disabilities..	19.1	20.2	13.4
Nervous Disabilities..	3.8	4.0	5.3
Other Medical..	19.7	16.3	14.3

MONDAY, March 5, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock, a.m., the Chairman, Mr. C. G. Power, presiding.

Mr. RICHARD MYERS called and sworn.

By the Chairman:

Q. Mr. Myers, what associations do you represent?—A. The Amputations Association of the Great War, The Sir Arthur Pearson Club for Blinded Soldiers and Sailors, and the Canadian Pensioners' Association.

The CHAIRMAN: You may proceed.

WITNESS: Mr. Chairman and gentlemen: in the first place I wish to thank this committee for the privilege you have extended to us in allowing these organizations, which I have the honour to represent, to present this evidence to you this morning.

Dealing with the resolutions: the first one is: "It is submitted that all pension increases granted to amputation cases under revision of disability ratings should be made retroactive to the date of the discharge of the pensioner."

As you will recall, gentlemen, at the last parliamentary committee they recommended a revised scale of ratings as affecting amputation cases, and in a subsequent arrangement the increases were only granted back to the day the Board of Pension Commissioners decided to adjust.

By the Chairman:

Q. What section of the Act do you wish to have amended?—A. I would submit, sir, that there is no need for an amendment to the section of the Act at all.

By Mr. Adshead:

Q. What is the section?—A. The section would be, naturally, section 27.

The CHAIRMAN: This is the same suggestion as made by the Legion in their suggestion No. 19, on page 5.

Mr. THORSON: I don't think so.

The WITNESS: This suggestion, sir, is not the same suggestion, if I may say so. The suggestion as made by the Legion deals with the amendment to the Pension Act; ours deals with the retroactivity of pension increases granted under the new rating, and we would submit, sir, that there is no need for an amendment to the Pension Act in this connection; as the Board of Pension Commissioners have ample power to grant any increases as far back as they wish in those cases. (Reads):

When members of the forces were returning from overseas to hospitals in Canada, very few of them knew in what classification they would be placed for pension payments. Information in this respect was not available, because the Board of Pension Commissioners and the department administering veteran affairs, until recent years, maintained an attitude of secrecy on this matter. Consequently, an amputation pensioner did

[Mr. R. Myers.]

not know nor could he obtain definite information as to the percentage of pension his disability entitled him to receive. Dissatisfaction with the condition was frequently manifested by the Amputations' Association and individual amputation pensioners and repeated requests were made to the Board of Pension Commissioners as well as to the Government for a table classifying amputation disabilities.

Such information regarding classification of amputation for pension purposes as was available was secured by the Amputations' Association, both in Canada and other countries. This information confirmed the belief that an equitable assessment of amputation disabilities had not been made in Canada. Evidence in support of this was presented from time to time before Parliamentary Committees, but it was not until 1924 that the representations of the association obtained any success. In that year a sub-committee of the Parliamentary Committee recommended a scale of amputation ratings for pension purposes, which was approved and incorporated in the Report of the Parliamentary Committee to the House. Since that time several revisions of amputation ratings for pension payments have been made by the Board of Pension Commissioners and pensions adjusted in accordance therewith. In making these revisions the Government has recognized the principle that original ratings were not equitable. This view is also supported by the fact that in most of the pension adjustments the increased payments were dated back to 1924, the date the revisions were recommended and made. In some cases where individual adjustments have been made, the increased pension payments have been dated back to the time of discharge.

In this connection I would like to cite a case: amputation left shoulder; rating increased from 70 per cent to 75 per cent in July, 1923; retroactive pension granted to date of discharge. However, when rating changed upon the recommendation of the committee the same man the next year was raised from 75 per cent to 80 per cent; increased pension granted from the day the Board of Pension Commissioners decided to adjust. In the first case they made it retroactive to the date of discharge; in the second case you have it where they decided to adjust as of the date following the committee's recommendation.

By Mr. Adshead:

Q. Did they give you any reason for that change?—A. I will point that out. The point I would like to make is that the Board of Pension Commissioners when they found they had made an error in particular—they were wrong in the first place and admitted they were wrong—granted a retroactive pension; when they made an error in the table of disabilities, they granted an increase only from the date they decided to adjust.

By Sir Eugene Fiset:

Q. The rating scale: was that changed by an act of parliament or by a regulation of the Board of Pension Commissioners?—A. I would say by regulation of the Board of Pension Commissioners. In acknowledging in 1924 that amputation ratings were not high enough, the government acknowledged that they were not high enough at the date of discharge. If an amputation case, discharged from hospital in 1919, is admitted to be 70 per cent disabled in 1924, then he was 70 per cent disabled in 1919—

By Mr. Adshead:

Q. Was there an indication of the aggravation of disability in any way?—A. No indication whatsoever, sir—and the benefit of any increase in pension awarded in 1924 should be dated back to the time of his discharge from hospital in 1919. The disability was the same in 1919 as in 1924.

[Mr. R. Myers.]

By Mr. McPherson:

Q. Would he not be getting pay and allowances between the time he was in hospital and his discharge?—A. That would not arise in this question, sir; we are dealing actually with the pensioners.

The CHAIRMAN: They increased the rate at which they were being pensioned; just like an increase in salary, they wanted it retroactive for about ten years.

Sir EUGENE Fiset: They wanted to increase the rate.

By Mr. McPherson:

Q. I understand your last remark was that instead of it dating back to date of discharge it should go back to the date at which he was discharged from the hospital, in 1919?—A. Date of discharge in amputation cases. (Reads):

Revision of disability ratings were pleaded for in 1920 and succeeding years. The revisions were made in 1924. If the claims of the Amputations Association were admittedly justified in 1924, then they were also justified in 1920, and revisions and adjustments should have been made at that time.

I will give you an illustration, showing the unequal ratings. In 1920, we, as an association, were organized, and we were not in position to place a request before the Committee until 1921. I would draw your attention to the fact that, in 1921, a sub-committee took evidence on Tuesday, April 19th, 1921, at page 39, as follows:

The Board of Pension Commissioners claim that the effect of a disability to earn a livelihood in the labour market is the measure they used in determining the percentage allotted to that man. Probably they have very good reasons for that.

The medical authorities classify a disability as far as amputations are concerned, using the site of the amputation as the determining factor. For instance, leg amputations have disarticulation at the hip, upper third, middle third, lower third, through the knee, below the knee, and the Synes amputation. Of course, it must be accepted that the Pension Commissioners, when allocating, the percentage of disability allocated is not sufficient for the loss of limb as at present constituted.

By Mr. Adshead:

Q. Did they not take into consideration a man's occupation as well?—

A. They did not take that into consideration at all, sir.

The CHAIRMAN: It is well established that the basis on which pensions were to be allotted was the extent of the man's incapacity in the common labour market, as a common labourer, no matter what his occupation was prior to enlistment.

The WITNESS: (Reads):

It has been the practice of the Board of Pension Commissioners, when adjusting pensions in the case of gun-shot wounds, where the disability has not become greater, to date increases in pensions back to the date of discharge.

By Mr. Adshead:

Q. You propose that it should go back to the date of discharge?—A. Quite so.

Q. Where there is a decrease, would you propose that it also should go back to the date of discharge?—A. You could not very well decrease.

[Mr. R. Myers.]

Q. You mentioned two cases, one of which should go back to the date of discharge?—A. In the case of an amputation, there is no question of the disability.

Q. Why the decrease?—A. We were referring to gun-shot wounds.

By Mr. Speakman:

Q. I wonder if you could tell us the number of adjustments made in conformity with the rating established by the Committee in 1924?—A. I would say, an approximation of 3,500.

Q. Adjustments that have actually been made on that basis?—A. On that basis, yes, sir. There are 4,300 odd amputation cases in Canada. The majority of these received an increased award. For instance, if a man was totally disabled, had two arms or two legs off, or in cases with three or four limbs off, he did not get any benefit because he was receiving the maximum amount allowed.

By Mr. Ross (Kingston):

Q. What would you do in the case of a man who had been discharged, and in whose case an amputation was necessary afterwards; there are certain cases of that type?—A. Yes, sir.

Q. You are not taking those into account?—A. No, sir. I will develop the argument in connection with that point in a moment. (Reads):

All amputations, for the sake of argument, resulted from gun shot wounds, and it is only logical to request that in these cases the Board of Pension Commissioners should consistently adhere to their practice.

Generally, in adjusting pensions in the cases of gun shot wounds after an examination by a medical board, the pension is decreased or increased from the date of the decision made upon the findings of the Board. This is evidently what has happened in the case of amputations adjustments. It is pointed out, however, that in cases of gun shot wounds resulting in a disability other than amputation, the disability may be progressive. In the case of amputations the disability is stationary and is the same at all times. It has been the practice of the Board in certain cases, where a man may be admitted to pension after protracted investigation, to date the payment back to the time of application for pension. Applications for increased ratings in the case of amputations were made in 1921 and the ratings only granted in 1924.

We have the case of a man who enlisted March 29th, 1917; discharged February 4th, 1919; service in France. The claim was established in 1928 with disability existing from discharge. The first cheque was issued in March, 1928, for \$2,041.50. Present pension \$39 a month.

By Mr. McPherson:

Q. Is that 1928?—A. Yes, sir, 1928. It is a recent decision.

By Mr. Adshead:

Q. What date in March?—A. Just at the present time; this month.

By Mr. McPherson:

Q. This is only the 5th?—A. I know. The case has gone through, because I checked up on it. (Reads):

Reference is also made to the fact that a man who suffered amputation after November, 1924, receives the benefit of the new ratings, whereas a man who suffered amputation in the years before 1924 was rated five or ten per cent less than the ratings to which he was entitled.

[Mr. R. Myers.]

By Mr. Adshead:

Q. You would not date that class of amputation back to the date of discharge?—A. No, sir.

By Sir Eugene Fiset:

Q. Were those ratings made on the authority of the Board of Pension Commissioners themselves, or were they made by order in council?—A. I cannot particularly answer that question; I am not sure there.

Q. If they were made on the responsibility of the Board of Pension Commissioners, without order in council, the Pension Commissioners would have full authority to deal with those cases. If they were made by order in council, they would be restricted by the terms of the order in council, and therefore, they would be restricted by law.

Mr. ROSS (Kingston): Which cases do you refer to?

Sir EUGENE Fiset: To the increased rating.

Mr. ROSS (Kingston): In 1924?

Sir EUGENE Fiset: 1924, and one in 1922 or 1921; there are two of them.

The CHAIRMAN: If you will look at Section 7 of the Act, you will see that it reads, "The Commission shall have full power and authority to deal with all matters pertaining to pensions."

Sir EUGENE Fiset: I quite see that, Mr. Chairman. That gives the Board of Pension Commissioners authority to deal with those cases, but if, notwithstanding the authority that exists in the Act, they have prepared these ratings by order in council, placing the responsibility on the shoulders of the government, they are limited to the terms of the order in council. Mr. Scammell will tell us that.

Mr. SCAMMELL: The ratings are under the authority of the Board of Pension Commissioners. There is a section of the Act which gives them authority to make them.

By Sir Eugene Fiset:

Q. But some of the ratings have been made by order in council; others have not. I wanted you to state whether those you mentioned had been made under the authority of an order in council?

The WITNESS: (Reads):

The only conclusion that the Amputations' Association can arrive at, in considering the failure of the Government to make pension increases, in the case of amputations, retroactive to the date of discharge is, that it is by reason of the number of cases involved, and the cost to the public in admitting these claims. There is, however, a feeling among amputation cases, who received their disabilities on active service, that they are being discriminated against, when it is known that a great many adjustments of pensions have been made in other cases, some of whom were never out of the country, and payments dated back to the time of discharge.

I will give you another illustration.

The CHAIRMAN: If you are intending to cite cases of men who got pensions, where you consider they should not have got them. I do not think it is quite fair that the name should be mentioned as an example of men who did receive pensions illegally or unlawfully.

The WITNESS: I would say, in the case of a man who received a pension legally; I am not raising that particular point at all.

[Mr. R. Myers.]

Mr. McPHERSON: He is showing discrimination between the man who received a pension back to the date of discharge, which he claims he is entitled to, and those who have not received the same thing.

By Mr. Thorson:

Q. Might it not be better to cite cases only and strike out the names in the record?—A. I think that is much better.

The CHAIRMAN: I do not think it is quite fair to go into the question of the right of a man to a pension if he has got it.

Mr. Ross (Kingston): And to make a comparison between that man's pension and the case of another man who did not get it.

The CHAIRMAN: I do not think his name should be mentioned even, if, in the opinion of the witness, his case is not quite so deserving as another's.

The WITNESS: I would not care to just go that far.

Mr. Ross (Kingston): However, it would be better.

Mr. THORSON: Strike the names off the record.

The WITNESS: This man enlisted in August, 1914; discharged January, 1915; service in Canada only. First payment of retroactive pension, including pay and allowances, \$5,824.96. \$157 monthly pension.

By Mr. Black (Yukon):

Q. Was that an amputation case?—A. No, sir, not altogether.

Q. What was the matter with him?—A. He had a recognized complaint, sir. I would rather not state the complaint, because it really embarrasses me, especially in view of the little discussion that has taken place. I do not want to jeopardize any soldier, or group of soldiers.

By Mr. Ilsley:

Q. It does not make any difference if their names are not mentioned.—A. You can obtain the files quite easily. I think, perhaps, I would prefer it that way.

By the Chairman:

Q. The point is, that he is an amputation case, and he did not serve in France. When his pension was made retroactive, he obtained a cheque for \$5,000. You feel there is discrimination against amputation cases: that other people obtain retroactive cheques and the amputation cases do not? That is your point?—A. That is an illustration, sir.

Mr. ADSHEAD: This is a rather serious paragraph. In a way it is a charge against the government.

Mr. THORSON: Oh, no.

Mr. ADSHEAD: The failure of the government to make pension increases because of the cost.

The WITNESS: I hope you do not look at it just in that way, sir. We are not here to charge the government. (Reads):

The fact that the cost to the country in making the increased pensions retroactive to date of discharge may amount to a considerable sum of money cannot and should not be laid to the fault of amputation pensioners. Had the requests of the Amputations' Association been granted in 1921, when representations for revision of disability ratings were first made, the present submission for retroactivation of pension increases would not now be necessary.

It is also felt that consideration should be given by you to the disparity between the commitments of the Government for pensions and the

[Mr. R. Myers.]

amount required to meet the interest obligations of the country on its war debts.

It is both logical and equitable also for the committee to compare the justice of our representations with the treatment meted out last year to automobile dealers, who, when the tariff reductions were made on automobiles, were allowed refunds to equalize tariff duties.

By way of further illustration we might point out that in the case of the arbitration between the old Toronto Street Railway and the City of Toronto, which was appealed to the Judicial Committee of the Privy Council, the Privy Council decided that interest on the final award should be allowed from the date of the appropriation of the railway by the city and not from the date of the award. We submit that the principle or precedent set forth in this case should be followed by you.

A similar principle was recognized in the Bloor Street widening appeal by the City of Toronto.

But it is not our desire to add precedent to precedent realizing as we do that you must recognize the reasonableness of our submission in this respect without the necessity of an extensive and elaborate argument.

We would, however, like to stress the fact that what we are now seeking is a final adjustment for our members. The revision of disability ratings made by the Government is satisfactory and has been accepted as final; and if our request, as now submitted to you is granted, we feel that you will have made a final and satisfactory disposition of a matter that has been regarded by many of our members as a serious injustice.

It is our opinion that the only fair and logical action of the Government in this matter is to see that pension increases granted to amputation cases for a disability dating from the time of discharge should be made retroactive to that time.

By Mr. Gershaw:

Q. Could you give us any idea of the number of cases that would be involved if that change were made?—A. I would say, possibly in the neighbourhood of 3,500; I am not quite sure as to the actual number.

By the Chairman:

Q. I just want to check that. You stated that the actual number of amputation cases in Canada was what?—A. 4,328.

Q. Did I understand you to say that 3,500 had been already adjusted?—A. I would say that approximately 3,500 would have received the benefit of the increase, because some were totally disabled.

Q. Then, the difference needs adjustment?—A. The difference needs adjustment.

By Mr. McPherson:

Q. Is that correct, that 3,500 were readjusted as to the rate of pension?—A. Yes, sir.

Q. Did they all go back to the date of discharge?—A. No, sir.

Q. There is a certain number in the 3,500?

By Mr. Thorson:

Q. As I understand it, all of the 3,500 are involved in the retroactivity to the date of discharge?—A. Yes, sir, they are involved.

Q. The difference between the 3,500 whose cases were adjusted, and the total number of pensioners— —A. Amputation pensioners.

[Mr. R. Myers.]

Q. Amputation pensioners, is accounted for by the fact that those persons were properly already in receipt of 100 per cent pension, and were not adjusted?—A. Quite so.

Q. So that there would be 3,500 cases that would have to go back for retroactivity to the date of discharge?—A. Yes, sir, in dealing with No. 2.

By Sir Eugene Fiset:

Q. Can you give us an idea of what this retroactivity would amount to in money?—A. I tried to ascertain the figures just recently, sir, and there was a little difficulty about it.

Q. Approximately?—A. Well, from our own method of calculation, which may be entirely wrong, we would say probably \$800,000.

Q. Per year?—A. Not per year, that is final.

MR. THORSON: Perhaps we could get those figures from the Board of Pension Commissioners?

SIR EUGENE FISET: That is quite an important point.

MR. THORSON: It would be about five or ten per cent in each case, dating back a good many years.

SIR EUGENE FISET: He said, that the total amount involved would be approximately \$800,000.

MR. ADSHEAD: If it is fair and just, the question of cost should be only of secondary consideration.

THE CHAIRMAN: I think Mr. Adshead will understand that if a recommendation is brought before Parliament, it would be well for the people who make the recommendation to know what it would cost. That question will certainly be asked.

SIR EUGENE FISET: It would certainly strengthen your case.

MR. ADSHEAD: It should not be the determining factor.

THE WITNESS: If you will look at page 3, No. 2, you will see that it is really divided into three parts. I will now read that portion dealing with pensions to widows.

By the Chairman:

Q. Is that the same submission that has already been made to us by the Legion?—A. Yes, but I think we are developing it in a totally different way.

Q. The question submitted to us is exactly the same?—A. I would say it is, sir. We are supporting the request of the Legion in this matter. (Reads):

Pensions—Widows

It is recommended that an amendment is required to the Pension Act, so that Section 32, Paragraph 2 R.S.C., the words "provided that the death occurs within ten years after the date of retirement or a discharge or the date of the commencement of pension" shall be deleted from the Act.

The suggested amendment paves the way for the recognition of wives of a serious disability cases, that is, 80 per cent to 100 per cent disabled men, who not only deserve the country's gratitude, but also its consideration.

There must have been some reasonable merit for this sort of claim—otherwise this class of pensioner would not have been even considered by Section 32.

We have sought almost vainly for any reasonable explanation why the limitation first, of five years, and later of ten years, should have been adopted as a standard of qualification for this class of pensioner.

[Mr. R. Myers.]

It is logical to assume that the average man would marry a woman of his own age, or thereabouts; therefore, should a man die of old age, it would also follow that his wife had already died, or was about to die. The liability, therefore, could not be large.

Would it not be nearer the mark to say that the expectancy of long life of a man in the high disabilities is fairly remote, and the opportunity to provide for the wife is seriously interfered with because of his war condition.

Does it not follow that the average man of this class, unless he is permanently employed, *stands a very poor chance of having any opportunity to provide for his wife?*

We do know that the percentage of these men permanently employed, or having unusual ability to earn substantially, is low. As the man grows older, opportunities for casual employment are reduced. Even had these men the means to take out life insurance, their risk is too great for the average Insurance Company to accept.

Can there be any question of the country's moral responsibility? Are we not told that sixty per cent of the men who enlisted in the First Division were married men? The married man is killed by the enemy, the State takes care of his widow; yet, if the man escapes death, and comes back lacerated and torn to the extent of eighty per cent or more, the State says: We give you a pension which in a measure compensates you, but you will have to provide for your wife.

Had the married man not been accepted for service, he would at least have retained the opportunity that every civilian had to make provision for his wife.

The State accepts this man. The civilian has the opportunity—the widow of a soldier killed in action gets a pension. The wife of the seriously disabled man has the added responsibility of a badly disabled husband—she gets the extra work—has to do everything in home life, the husband cannot do; greater anxiety, has to manage on little, because she cannot leave the home to earn herself—yet, the State says, “No compensation for this woman”.

By Mr. McPherson:

Q. If a woman was married to a man who enlisted and went overseas, who was disabled on active service and comes back and gets a pension, and dies, does not his widow get anything after that?—A. Yes, sir.

Q. Would that eliminate your first class, then, as to marriages prior to disability?—A. Not under the subsequent resolution, sir, which is a special resolution. There are really three special resolutions on the main resolution.

The CHAIRMAN: For ten years.

By Mr. Thorson:

Q. Do I understand this to be the situation at the present time, that if a man, who is in receipt of an eighty per cent pension, dies within ten years from any cause, then his widow continues to receive a pension?—A. Quite so.

Q. You want to cut out the provision in regard to the ten years limitation, so that, if he dies at any time, if he is an eighty per cent case, or more, his wife shall continue to receive a pension?—A. Yes, sir.

By Sir Eugene Fiset:

Q. But the Act has been amended twice to that effect?—A. Once.

Q. From five to ten years?—A. From five to ten years.

Q. And you want to eliminate it altogether?

[Mr. R. Myers.]

By the Chairman:

Q. The British Act reads five years, does it not, for similar cases?—A. I am not certain about the British Act, in that connection. (Reads):

Private A., a returned soldier, married, disability 80 per cent, pension \$80 per month, opportunity for employment very poor, when employed earning power small, no other means of livelihood, with advancing age opportunity dwindles, life expectancy not long how much can this man put away? No argument is necessary.

Marriage Prior to Appearance of Disability

We do hereby strongly urge the government to amend the Pension Act so that a pension shall be paid to a widow of a member of the forces in classes 6 to 20 where marriage took place before the appearance of the disability and where the death of such member of the forces was due to causes other than actual pensionable war disabilities to the extent of the rates set out in schedule "B", provided that the amount of such pension shall not exceed the proportion which the deceased pensioner was receiving as a class pensioner.

In other words that means that if a man, who was a 50 per cent disability, married before the appearance of the disability, his wife should receive 50 per cent of the widow's pension.

By the Chairman:

Q. Is there any provision in the Pension Act at all?—A. Yes sir; there is a provision in the Pension Act whereby a man who dies from his disability shall receive a pension provided he was married previous to the appearance of the disability, but should he die from any other cause he is shut right out. (Reads):

In the early days of the War, when a married man enlisted, it was necessary to get his wife's consent. The State was unwilling to have this man sign his contract unless the wife was a consenting party.

Whilst the attestation was one-sided, the State making no promise in writing—yet it is suggested the State assumed in the acceptance of the man, certain moral obligations.

To this contention there does not appear to be any real difference of opinion. In Pension Law, the State recognizes this liability. The only question there can be, is the *extent* of the liability. The state gives the wife of the married man an additional allowance to Army Pay.

It pays a pension to the widow of a soldier killed in action or who died as a result of service.

It pays an additional pension to the wife of a disabled soldier.

All of which goes to prove the State's recognition of this responsibility.

One of the most amazing post-war conditions is the lack of knowledge the average pensioner has insofar as his statutory rights are concerned.

Mr. McPHERSON: I know of one case of an amputation, where the man is a lawyer carrying on his profession just the same. Supposing he takes a trip to Ottawa and is killed in a railway accident? What moral responsibility is there on the state to pay a pension to his widow during her lifetime?—A. You are dealing, I would say, with a very extreme case.

Q. This suggestion will take in all cases including the extreme. I only gave that as a sample of what this suggestion means.—A. I would not care to render a decision as to that point at the moment.

[Mr. R. Myers.]

By Mr. Thorson:

Q. You are including even a 5 per cent disability in this suggestion?—A. Then she would only receive a 5 per cent proportion of the widow's pension; not 100 per cent, mark you, but simply 5 per cent. Look here: if a man is married before the appearance of the disability, goes to war and comes back with a disability; as far as the state is concerned it does not calculate how many years this man will live; they say "We will grant you a pension."

Q. Are you not departing from the principle of dependency, which is, after all, at the very root of the pension system? You say, if a man dies from a cause other than his disability his pension shall continue—where his death has resulted from some cause entirely apart from his disability?—A. One of the reasons for that is this; the average disabled pensioner in this country—and this is a very, very strange thing to say—is not aware as to how far the state really goes. We have found time and time again where women have believed that after the death of the husband they were entitled to a pension. I venture to say there must have been hundreds of requests sent to the Board of Pension Commissioners.

Q. There is some justification for extending the pension to dependents after the death of the soldier in the case of 80 per cent disability or over; is there the same justification for adopting a similar principle in the case of the lower classes of pensionable disability?—A. I would say there is a great reason for it, and in the development of my argument I think I will illustrate that point quite clearly. You must remember this; that the pensioner is only given pension for his actual war condition—that condition which the state can measure. As far as an amputation case is concerned, they can say: "Your disability we can measure precisely due to service", and I do not get 1 per cent for any other condition which I can not altogether prove. They say, "We measure you". Now, this other condition which may arise—I will develop that point to see if I cannot make it plainly illustrative. (Reads):

Men who went to War for the most part had some belief, should they be killed or get maimed that the State would look after their dependants.

This, the State does in a limited degree; in fact it has done much, all of which is recognized—yet the State does not go quite far enough.

The widow gets a pension, but should the man die from causes not directly proven as attributable to service, the State practically shuts the widow out.

In attributability, the State does not take into consideration the fact that War experience may have helped to sap life away, yet how many medical men would be prepared to argue from their knowledge and belief that War experience did play a part in the untimely death of many of our soldiers since the War?

The CHAIRMAN: I will give you a case. A member of parliament came to me last week and said it was a rotten shame the way the government was treating the returned soldiers. He said that one of his electors was a fisherman, who went out on the bay and was drowned, and his wife and children are now on the county. He said, "Can you fix that up?" I said, "Was death due to war disability", and he said, "No, but the man had spent three years at the front and his wife should get a pension."

By Mr. Ross (Kingston):

Q. This would take in all the cases of men who have died since the war up to the present time?

Mr. THORSON: Certainly.

WITNESS: Only from the present time.

[Mr. R. Myers.]

By Mr. McPherson:

Q. And next year you would want it made more retroactive. We would have to cover all of them.—A. If there is any justice in a claim, it is a matter for parliament to decide whether they will render that justice. Perhaps there is not actual proof, but the widow knows, the soldier's family knows, and the general public are satisfied that war experience did play havoc with the men

Mr. McPHERSON: You are getting into difficulties there.

The WITNESS: You would not suggest, sir, that the war experience of a man who had actually seen service on the Somme or at Paschendale did not have any effect on the man?

Mr. McPHERSON: I admit that, but when you take it to cover every case of every man over there—why I can name you men who came back from France twice as good as when they went away.

The WITNESS: I do not wish to engage in any argument—

Mr. McPHERSON: Are you not going a little bit further than you should?

The WITNESS: I have always felt that any requests we have made have been very reasonable requests; we have never allowed ourselves to be carried away with the possibility of getting something for nothing. These things are based on several years of investigation and on experience, and this argument is prepared after a great deal of serious thought and consideration.

Mr. THORSON: In this case you are asking that pension be continued where death has resulted from something that is not attributable to war service.

The WITNESS: Provided he was a pensioner.

Mr. ADSHEAD: If he were a pensioner it must be attributable to war service.

The CHAIRMAN: The same principle applies.

Mr. McPHERSON: I thought you were arguing that every widow of every soldier who died since he came back home—

The WITNESS: I am sorry I did not make that more clear.

By Mr. Gershaw:

Is it not a fact that you assume if a man is receiving a pension that he is partly disabled, and to that extent is not able to provide for his wife and family?—A. That is quite the reason, and the development of this argument will illustrate it farther.

By Mr. Speakman:

Q. Before you develop that, there is another point which comes to my mind, and that is that a disabled man, recognized as such by the payment of a pension, is more likely to die from accident— —A. Than the supposed able-bodied man who returned? In the first place, he is financially unable to provide for his wife to the extent that he could had he not been disabled, and in the second place he is more likely to die from some other cause.

Mr. THORSON: The point I am making is this: I think we are all prepared to agree that if war service had materially shortened a man's life he should be compensated, and some compensation should be given to his widow when he dies; but you do not confine yourself to that; you say that the widow shall continue to receive the pension which was awarded to the soldier, no matter from what cause he died.

The WITNESS: But you must remember this: that the pension is granted on the basis suggested by the Chairman, that is, on his power to earn in the labour market, and not upon life expectancy at all.

[Mr. R. Myers.]

By Mr. Thorson:

Q. If you will refer to your phrase in the resolution, "Where the death of such members of the forces was due to causes other than actual pensionable war disability"— —A. Exactly; it is very limited. In the first place, what is a pension? A pension is granted to a man based on his earning power in the labour market, and therefore they take the labour man as a type case. Let us consider two soldiers in the line. One is the president of a railway company, and the other a street cleaner in the city of Ottawa. Supposing both of these men are blinded. The state does not attempt to compensate the railway president for what he can earn; it deals with him as a labourer—all in the same class. The state does not deal with life expectancy at all. It deals with the earning power in the labour market.

Mr. McPHERSON: I want to get your idea clearly in my own mind. I gave you a hard one to answer a moment ago. You mentioned a blind man. Here is a man blinded by war service; he is going up the street in Toronto and is struck by a street car and is killed. Would you claim under these conditions that indirectly his war service was responsible?

The CHAIRMAN: In this particular case the widow would get a pension, because he is over 80 per cent.

Mr. THORSON: Provided he dies within ten years.

WITNESS: (Reads):

A. enlists as a married man, physical condition A-1. Should he be killed, his widow gets full pension. Should he subsequently die, as a result of war service, his widow gets full pension.

A. returns 50 per cent physically impaired. He is no longer an A-1 man.

He is given a 50 per cent pension for the actual known war disability—war experience counts for nothing. He may have been physically a casualty before he was wounded—this means nothing, actual known war disability counts, and that only.

The records of the front line soldier are not complete by any means. No mention is made of sickness, no mention of the conditions under which he lived; no mention of the nerve racking periods he had to undergo—all of which is part of war experiences; gladly accepted.

He is now in receipt of a pension—gets a job, carries on with 100 per centable men. Finds the going hard—but sticks and one day he breaks down—dies—pension stopped—widow cut off.

When he went to war, the State knew he was married. They accepted him a fit man, a half a man, he comes back—faces the present day demand of efficiency. He was pensioned for half a man. The other half is given no consideration for war experience. He dies a young man; the pension people say he was not pensioned for the half he died from—the cause of death is not due to the disability he was pensioned for. If that is not logic, I should like to know what is.

His widow is immediately penalized—all source of income is shut out.

The woman says, "I sent my man an A-1 man. Had he stayed at home, he would have, in all likelihood, still been with me. He comes back only half the man he was—lives one half the natural life, and I am given no compensation—is this fair treatment from the State?" I think that is the answer.

The State should not overlook this woman's misfortune and sacrifice. She has cause for complaint. To meet this condition, the amendment, as suggested, should be adopted.

The CHAIRMAN: Any further questions on this matter?

[Mr. R. Myers.]

By Sir Eugene Fiset:

Q. We have not heard the reason why this period of ten years was fixed.—
A. It is on the records. Away back, Mr. Archibald drew the original act, and I think what he had in mind at the time was that there was possibly some idea of men returning from the war who would be blinded, or who would be amputation cases, and who would find the going hard for the first few years. Now, when parliament extended the time to ten years, they went further—they must have done so; therefore, in going further, there is no reason whatsoever why they should not have gone the whole way.

Q. When does the ten year period expire?—A. From the date of discharge; most of them are out now.

Q. You say there is immediate need of an amendment?—A. There is an immediate need of an amendment.

By Mr. Thorson:

Q. In the case of classes 1 to 5.—A. In the case of classes 1 to 5, yes sir. Supposing we take the average discharge; the average would be around 1919; ten years on top of that would be 1929., although quite a number are already out.

The CHAIRMAN: A great number of the pensioners are back to 1916 and 1917.

By Sir Eugene Fiset:

Q. Supposing that this committee thinks that a further extension of ten years would be preferable to the deletion of the clause entirely— —A. I would say that would be a good move on your part, but mark you, Sir Eugene, if a man was to die—supposing this goes on from ten years to twenty years, I cannot in all figuring, figure out where the liability of the state will be extremely large. If you are going to recommend that this be continued, first, from five to ten years, and then give us another ten years, I think it would be preferable to delete the clause entirely. However, that is a matter for your consideration.

By Mr. Speakman:

Q. Is there not another reason for establishing a date rather than a perpetual obligation, in that the further you get away from the time of discharge the nearer a man comes to living out his ordinary expectancy? You could hardly say at the end of twenty years that the average man had reached the average term of life?—A. You would argue, sir, that he may die of old age?

Q. I am not arguing one way or another, but it seems to me that the more remote the period of discharge, the nearer he would be to living out his average expectancy.—A. Following your line of argument, if he married a woman of his own age, there could not be much liability.

Q. I am not arguing that. It seems to me that we have three reasons; first, that he might die prior to the time he naturally would, and that shortened expectancy must be taken into consideration; secondly, he is not able to provide for his wife and family as he might otherwise would have been, and the longer the time elapsing, provided the state has compensated him for his lack of earning power, the less weight that argument would carry; thirdly,—and perhaps the main thing—when you have reached a certain time of life, you have a normal expectancy, and you find that the normal expectancy has about elapsed. You cannot attribute his death to war service, because he would have about the same chance of dying. I think that was one good reason for establishing a definite date.

Sir EUGENE Fiset: And another reason is that under the limitation of the statute the time will come soon when it will fall by itself.

The CHAIRMAN: I remember distinctly when this was extended, and that point, just mentioned by Mr. Speakman, was brought out at that time.

By Mr. Thorson:

Q. Mr. Myers, in the case of the fisherman referred to by the Chairman: supposing he had been in receipt of a 50 per cent pension, but his disability had not affected his ability as a fisherman, and he had drowned; pension would be continued in his case if the suggestion which you make was put into force? Yet it would not be attributable in any way to war service, nor accounted for in any way by war service.—A. I will answer that in another way. Supposing that man was a fisherman with a leg off—

Q. Oh, there might be a case there.

Mr. SPEAKMAN: I can see where it applies for amputation cases, where a man in almost any line of business would be less able to look after himself.

Mr. THORSON: I can see where your contention is justified from the point of view of those cases where expectancy of life has been shortened by a war disability, but you go a great deal farther than that; you apply it to cases where the death is due to something entirely apart from war disabilities.

By Mr. Clark:

Q. Do you justify your contention on the ground that this 80 per cent pensioner has not been able to save sufficient money during his lifetime to provide for his wife and family?—A. Quite so.

Mr. THORSON: That is why I think there is reason for drawing a distinction between the high class disability and the low class disability.

The CHAIRMAN: Another point to be considered is that the pensions are paid at a certain rate, the rate being \$100 per month for total disability for a married man, which is supposed to be the amount he would earn in the ordinary labour market if he were not disabled. If he were a well man and were able to earn that amount, he could put aside some money possibly; so the assumption is that being a disabled man, if he were receiving that pension, he would also be able to lay aside something. I will admit that the amount is low, but we have endeavoured to bring the rate of pension to what the ordinary earning power of a man would be in the ordinary labour market.

By Mr. Thorson:

Q. What would you think of extending the clause mentioned in section 32, subsection 2, to, say, class 10?—A. I see your point. There is our argument, you see, and for me to argue that would be a very, very selfish thing—for me to say that everyone of our men would come in that category. We, as amputation cases, cannot segregate ourselves entirely from other men who saw service in France and received disability under different conditions.

Mr. SPEAKMAN: I think we had better not argue this, until we have discussed it amongst ourselves.

The CHAIRMAN: I think most of the argument was really for the purpose of obtaining more information.

The WITNESS: The next matter I wish to take up is in regard to marriage after the appearance of disability. This particular matter is a little complicated, and I will have to be fairly careful.

We also submit that the government should amend the Pension Act so that a pension shall be paid to the widow of a member of the forces where death was attributable to service, and where marriage took place after the appearance of the disability for which the pensioner was pensioned, provided that the pension paid to said widow should not exceed the proportion which the deceased pensioner was receiving as a class pensioner.

[Mr R. Myers.]

By the Chairman:

Q. Is this the same as was submitted by the Legion?—A. No; it is entirely different. I have read the Legion's argument on that, and as far as I can see, they were really developing the argument, and it was really not brought to a conclusion. We are respectfully making a suggestion here which may perhaps, in a way, pave the way.

By Mr. McPherson:

Q. You have qualified theirs quite a bit?—A. We have extended and qualified it. Their suggestion is marriage one year after discharge; our suggestion is marriage after the appearance of disability. They say, "Pay pension in full;" we say "Pay in proportion." We are unfortunately in the position of almost legislating against ourselves in suggesting that, but we felt that any suggestions of this kind might enable us to impress the committee to a greater degree than if we were to come out and say "such and such is the case." We are making these suggestions for your consideration.

Section 32 as it now stands decidedly discriminates between A. and B.—we have used the word "discriminate" two or three times, and I hate the sound of that word, but what am I going to be able to do about it? Section 32 as it now stands decidedly discriminates between A. and B.—both men of equal disability, giving a preference to A. because he was married before the appearance of the disability.

There can be no question of the state's responsibility, in so far as A. is concerned. Should A. die as a result of the war condition, a pension is granted to the widow. (Reads):

B. enlists as a young man—makes a fine soldier—the country admires his grit; comes back with the same disability as A. Both rendered similar service. The engagement he had to marry is carried out. The State says, "We have granted you a pension for war condition, but, mark you, should you die as a result of your actual war condition, no pension will be granted to your widow."

How can the State reconcile its attitude towards B.—placing him at such a disadvantage? In effect, the State is in the position of hinting to B., "Break your contract with the lady," which attitude is entirely contrary to public policy. The State does not hesitate to break contracts, and even such a formal document as a Will, when they are in contravention of public policy. Therefore, the State should not place itself in the position of encouraging a procedure on the part of a returned man. "We don't want to discourage marriage," but the State says, "We must be protected from fraud; the possibility of so-called deathbed marriages would place us in a nasty position."

The Pension Act in this respect is unfair and inequitable. It is suggested that the Act can be modified to equalize in a measure the rights of the parties concerned:

We recommend the admission of post disability marriage widows for all classes of pensions, subject to the following conditions:—

- (a) When there was a bona fide engagement to marry, or
- (b) When a child has been born in wedlock, or
- (c) Where a marriage state has existed for 7 years or more, and that such marriage shall have been made before the 1st March, 1935.

I will explain the limitation there. We are thinking of the young man at the present time. There are many of them that enlisted at the age of sixteen years in 1916, which we will take as the average year. That man would be twenty-eight years of age to-day. He says that the State discriminates. If

[Mr. R. Myers.]

the State extends the period until 1935, which would then make him thirty-five years of age, he has had an opportunity and is not in position to state that the State has discriminated against him. (Reads):

And be it further provided that no wife of a pensioner where marriage has taken place after 1st March, 1928, shall become a beneficiary within the meaning of this section if she is more than ten years younger than the pensioner.

I know the argument that is generally advanced in this connection. They always cite the case of the Civil War in the United States. This has been designed with the idea of the possibility of elderly gentlemen marrying young ladies, and with the idea of establishing bona fides on the part of the parties concerned. (Reads):

1. No woman would bear children who had any idea of marrying a man to get the widow's pension.

2. On the other hand, no woman harbouring any idea of a deathbed marriage could reconcile herself to live with a man for seven years—because the risk would be too great—she would naturally believe he would die within the seven years, time being of the essence of the contract.

3. Those who would become beneficiaries could not have married with any idea of getting pensions, inasmuch as the Act at no time contained a provision for pension for such cases.

To illustrate this: The case of Mr. Young, who enlists at the age of 18 years, or was he younger? Perhaps he should have completed his schooling—a red-blooded boy who wanted to do his bit—great service—brave lad—mixed with men—is a man smashed up—comes back—can't settle down to complete schooling—gets a job, nothing wonderful—would like to marry—the State has already granted him a pension. Should he marry, the State will give his wife small additional pension, but should he pass out because of his War condition, the State is through with the widow. This man enlisted when a schoolboy—was accepted. He knows the widow of Pte. B, who died since returning. She was awarded a pension. Why should Pte. Young be deprived of similar rights to B. If Young marries, he is not prudent. The State suggests it, and here we find the State in the position of protector of public morals—having placed laws upon the Statute Book for that purpose. Surely the State does not suggest it is in the public interest for Pte. Young not to marry—that Pte. Young should be denied the right of home life, because the war smashed him. Has not Pte. Young already paid dearly? Why impose upon him additional sacrifice?

In this connection, I have several cases here that I wish to draw to your attention. These deal with the original suggestion that was made as to admitting marriage within the period of one year after disability. Here is a case of Mr. X. He was pensioned in May, 1918, married in June, 1918, and died in November, 1918; married and died all within one year. Under the original suggestion, there is no question at all that many of these worthy cases would be shut out, and that class of pension would be denied.

Here is the case of Mr. Y. Discharged in April, 1919, married October, 1919, and died March, 1920. That would be another widow who would be admitted, and all these young men shut out.

Then the case of Mr. Z. He was brought home as a stretcher case in July, 1917. He was admitted to hospital and married a nursing sister in the hospital in 1917. Discharged from treatment in May, 1918. Pension 100 per cent. Died November 8th, 1918, practically within the year. That woman knew his condition and married the man.

[Mr. R. Myers.]

On the other hand, I want to point out the case of B. Ross Swenerton, Regimental No. 231734. It will be all right to mention Mr. Swenerton's name in this connection. I will give you the full particulars of this case, including the autopsy report and post-mortem report. (Reads):

B. Ross Swenerton, Regimental No. 231734.

Born 1890, enlisted with 202nd Battalion July 12, 1916, at Edmonton, Alta., later transferred to 31st Battalion; married approximately 1912, no family; served in France with 31st Battalion, gunshot wounds head, eyes, February 7, 1918, released from Second London General Hospital to attend St. Dunstan's for training, was returned to hospital on at least two occasions during St. Dunstan's training, once for duodenal operation; first wife died latter part of 1918 from influenza; approximately September, 1919, he took his discharge while still at St. Dunstan's following representations by Canadian office in London that this would be necessary if he wished to remain to complete training; remarried approximately the end of 1919, returned to Canada arriving in Montreal March, 1920, took position with the Canadian National Institute for the Blind, Toronto, Commencing duties April 15, 1920, was continuously employed until July 4th, 1924, died July 8th, 1924.

One child, a daughter, was born at Toronto May, 1921.

Mr. Swenerton enlisted as a married man but became a widower in the autumn of 1918, following the appearance of his disability. Subsequently he recovered health to a degree which in his opinion rendered marriage sufficiently free from hazard for both prospective wife and himself. At the time and for long afterwards he was not aware of any damage to his head other than that which represented loss of sight. He therefore married in good faith and in hope of being able to enjoy a reasonable period of life and to provide adequately for his family. Approximately six years after recovery from the wounds which cost his loss of sight he developed a head condition which proved fatal. Pathologist's report on the autopsy performed subsequently to death is attached hereto. This man's wife receives no pension subsequent to his death, his daughter, born May, 1921, receives allowance for child of a Class No. 1 pensioner. In this case the widow could not with the slender income which she had in her own right continue to keep up the home in Toronto. Therefore she tried to rent or sell in order that she might return and live with her mother in England and thus be able to manage on a very reduced income. The Toronto home was finally sold at a considerable sacrifice with the result that very little of the cash investment was recovered. Had this widow not possessed some small means which enabled her by careful management, to continue caring for their child she would have been forced to place the child in some foster home and to have worked for their maintenance, as many others coming under this category have been forced to do.

Had Mr. Swenerton's first wife outlived him she would have been due for pension following his death. Owing, however, to her death the wife of the second marriage was precluded.

Section from Brain (Autopsy).

July 17, 1924.

Microscopic slide shows cerebral brain tissue deeply congested, with pyogenic abscess formation which show a tendency to be walled off by cellular and fibroblastic reaction.

Diagnosis: Acute and Sub-Acute Pyogenic Abscess of Cerebrum.

(Sgd.) G. W. LOUGHEED,
Pathologist.

[Mr. R. Myers.]

TORONTO, July 10th, 1924.

Name—Benjamin Ross Swenerton, No. 231734, 31st Batt. Canadians.*Post Mortem Report*

The body is that of an adult male, well developed, well nourished. both eyes are absent, the left is completely scarred over, the right contains an eye cap and shows a slight discharge. There is a scar over the nose and the left molar bone and a surgical wound of the abdomen.

Post-Mortem is limited to the head.

The scalp and calvarium removed. The dura mater is apparently normal. The sinuses are congested. On removing the Falx Cerebri of the left side there is a piece of bone measuring $\frac{3}{4}$ inch by $\frac{1}{2}$ inch adherent to the left side of the Falx. The surface of the brain is markedly congested and the vessels dilated. On removing the brain from the cranial cavity, the left frontal lobe is adherent to the base covering the roof of the left orbit. On dissecting this up, greenish purulent material began to flow from the left frontal lobe. On close examination of this bone covering the left orbit, it is found that the piece of bone previously described exactly fits the hole in the roof of the left orbit. This hole communicates with the orbit which is closed and also the left antrum. There appears to be muscle and other fibrous tissue packed in the base of the orbit. On sectioning the brain in the left frontal lobe, there is an abscess the size of a hen's egg which appears to be definitely capsulated but the posterior portion is ruptured into the anterior horn of the left ventricle. The wall of the abscess cavity appears to have a definite capsule of young fibroblasts. The centre is filled with about 30 c.c. of greenish purulent material. The lateral ventricles, especially the left also the 3rd and 4th contain slightly turbid fluid. The rest of the brain tissue shows marked oedema and congestion with a few special haemorrhagic areas near the anterior portion of the left internal capsule. The arteries at the base of the brain show very slight sclerosis.

Anatomical Diagnosis.—Abscess of the brain, left frontal region rupture of abscess into left ventricle—oedema and congestion of the brain—loose portion of bone attached to the left Falx Cerebri—hiatus in the left orbital surface to the frontal bone communicating with the left antrum and left orbit.

(Sgd.) G. W. LOUGHEED,
Pathologist.

Copy

TORONTO GENERAL HOSPITAL,
DEPARTMENT OF PATHOLOGY,
TORONTO, Dec. 19, 1924.

Capt. E. A. Baker,
Canadian National Institute for the Blind,
186 Beverley Street, Toronto.

Sir:—*Re Swenerton B.R. No. 231734*,—I have made a careful study of the report of the autopsy performed upon the body of deceased, and I was also, through the kindness of Dr. Lougheed, permitted to study the gross abscess of the brain and make my own microscopical sections of its wall.

The abscess is apparently quite definitely walled off by a fibrous tissue membrane, and is about the size of a large walnut. Attached to its inner wall is a considerable amount of necrotic material. The brain tissue attached to the outer side of the capsule, in places is hemorrhagic,

[Mr. R. Myers.]

and has the appearance of being of an acute inflammatory nature. In the wall was a small piece of black gritty material.

On microscopical examination of the wall I find the cavity to be marked off by a definite and fairly thick layer of dense fibrous tissue, in the meshes of which are many thick-walled blood vessels, several of them filled with thrombus. On the inner surface it is covered with a granulation type of tissue with many thin-walled blood vessels, and young fibroblasts, the meshes of which are infiltrated chiefly with plasma cells, endothelial, leukocytes, and a few polymorphonuclear leukocytes. Internal to this there is considerable necrotic material. On the outer side of this fibrous tissue capsule, in areas, there is evidence of a more acute inflammatory reaction in the marked engorgement of vessels, with some petechial hemorrhages, and a marked polymorphonuclear leucocytic infiltration. There is also evidence of degeneration of the brain tissue in this area.

From these findings, the history, and the autopsy report, I am of the opinion that:—

1. The abscess cavity is of long duration and dates back to the time of the injury of the brain from shrapnel.
2. The infection, I believe, has persisted in a more or less chronic state, and produced a marked fibrosis about the abscess.
3. The acute inflammatory reaction about the abscess is of more recent date, but is probably a recent flare-up of the old abscess described above.

My opinion therefore is to the effect that the abscess with its more recent "flare-up" dates back to the time of the original injury to the brain with the piece of shrapnel.

Yours very sincerely,

(Sgd.) W. L. ROBINSON,
Pathologist.

These cases are entirely illustrative of the conditions that exist. The Swenerton case is well known in this country. He was one of the finest young fellows that ever donned a uniform. (Reads):

Our request is a moderate one; it is designed with the idea of offering all the reasonable safeguards the State could ask. Practice would undoubtedly make it final. It is the logical solution to an aggravating situation, and entirely limited in scope. Providing for the payment of pension only in case of death attributable to service, and the widow's pension being in proportion to the pension class of the deceased, i.e., should he be in receipt of a fifty per cent pension, his widow would receive 50 per cent of the widow's pension.

By Mr. McPherson:

Q. The reason of your various clauses is to protect against fraudulent marriage?—A. Yes, sir. We have found that to be a very serious objection, so we had to design some means and motives that appeared to be reasonable, that would remove that possibility to a large extent.

Q. There is a strong objection, in practice, to any legal rights being based on a time limit, is there not?—A. Yes, sir.

Q. That is, no matter what time limit you put on, there is always the case that comes after that?—A. There is always an objection to an arbitrary date.

Q. What would you think of the single restriction of any marriage which had existed for two years prior to death?—A. Any marriage that existed—

Q. That had existed two years prior to death, instead of the various clauses?—A. That is a matter that I would have to give a great deal of consideration to. I do not mind telling you that this was arranged by a consultation of different

[Mr. R. Myers.]

classes of pensioners in this country. There were the Sir Arthur Pearson Club for blinded soldiers, the Pensioners Association of Canada, and the Amputations Association of Canada. After going into this matter very carefully, and examining it from all angles, we thought that the State should be protected.

Q. You would not have any objection if these suggestions are reduced as far as the limit is concerned?—A. We have no objection. Parliament may go as far as it likes. We know this much, that there is a great feeling that injustice is being done, but we want at the same time to see that the State is not penalized in any way by fraud. We take that attitude.

Q. My suggestion is that if the country is going to adopt that principle, your seven year limit is too long.—A. Of course, March 1, 1920, is obvious. 1935, for instance, was mentioned merely as a suggestion.

By Mr. Clark:

Q. Would the Swenerton widow be barred by the seven year period?—A. No, they had a child born in wedlock.

Q. If there had been no child?—A. She would be barred. We would naturally say that she had lived with the man for three or four years, and that she was not a great deal impaired, and she would be in condition to get out and earn a livelihood.

The WITNESS: I will now deal with medical examination and hospitalization. If you will look at page 3, No. 4.

It is submitted that the right to medical examination and hospitalization should be extended to every man and woman who was a member of the forces as defined by the Pension Act.

(Reads):

Medical Examination and Hospitalization

In dealing with this part of our request, we believe that it is the duty of the Government to extend to every man who saw service in an actual theatre of war the privilege of reporting to medical centres of the D.S.C.R. or upon the production of his certificate of discharge to a local doctor or hospital where D.S.C.R. facilities are not available for examination and treatment, should this be necessary.

In requesting this, we are merely asking for social legislation which has been enacted in other countries, e.g., U.S.

In asking for examination and any necessary treatment for the man who is discharged as physically fit, we base our argument on the conditions experienced by these men while in training and on service. We repeat that due allowance has not been, but should be, made for war experience. Consideration must be given to the fact that men enlisted leaving lives behind them to which they had become habituated, and were thrust suddenly into a life which demanded the most in health and stamina. Further, in France men lived amid conditions to which no civilized human being had ever before been subjected. In addition to the untold physical hardships, there was the tremendous mental and nerve-racking strain.

The disabled man or pensioner who has undergone the unusual strain of war service has to contend with the difficulties in civilian life imposed upon him by that service and his disability. An illustration of one particular case, i.e., an amputation case, or any seriously disabled man, is, through the fact of his disability, subjected to and exposed to the hazards of ill-health, accident, anxiety and mental strain.

Should not the Government help to fit these men for the work in life as far as possible? Can the Government do enough to redeem its war pledges to these men?

[Mr. R. Myers.]

These men proved invaluable to the country in time of crisis. Should not these lives be prolonged in the interest of the State? Huge sums have been, are, and will be expended for the purpose of introducing and establishing immigrants in this country. Would it not be a good policy on the part of a grateful Government to allocate moneys to conserve to the country the lives of men who have proved their citizenship?

By Mr. Adshead:

Q. You confine yourself here to amputation cases?—A. It is not confined, it is just an illustration, that is all. (Reads):

Day by day we read in the press of returned soldiers, who for want of medical attention and treatment, collapse in the street, and of returned soldiers who pass on, in some cases, without the recognition of a decent burial, which is the least these men have earned.

By Sir Eugene Fiset:

Q. Is it not a fact that, under the ruling of the Board of Pension Commissioners, any returned man who applies to any D.S.C.R. centre can obtain treatment in hospital?—A. Oh, no.

By Mr. Adshead:

Q. Your experience has been that he cannot get an examination?—A. Mr. Scammell could answer that question better than I could.

MR. SCAMMELL: Not if his disability had obviously nothing to do with the service.

THE WITNESS: Supposing a man is picked up on the street wearing a returned soldier's button, they would not accept him in the hospital.

By Sir Eugene Fiset:

Q. That is the case of men who are not pensioners, or whose disability has not been dealt with in any way by the Board of Pension Commissioners?—A. Quite so, as well as others.

Q. And those are the cases you are dealing with at the present time?—A. We are dealing with all men who saw service, including pensioners.

SIR EUGENE FISET: I can give you a case of a returned man who was not a pensioner. He had served overseas and applied just recently for a pension. I brought his case up before the Board of Pension Commissioners. He was sent down to Bellevue Hospital to be given treatment, and that treatment even went as far as an operation. The man did not want to be separated from his family that length of time, and he was sent back to his home. The Board of Pension Commissioners made him the offer to go to a local hospital and accept his pay and allowance on the treatment, and have the operation by a local doctor, provided he would be willing to pay the doctor's fee.

MR. HEPBURN: May I cite a case in point, in St. Thomas hospital? There was a man there taking treatment from the local doctor for some kind of bronchial and lung trouble. His presence in the ward was objectionable because he was coughing continually. It was called to my attention and I went to see him. The local doctor under the D.S.C.R. said that there was nothing he could do for the man, because he could not trace it to war service. I think every one who knew the man knew that he had been weakened. He had been a strong, healthy fellow when he went overseas, and he came back more or less a physical wreck. His health was impaired. I had the man taken to the Queen Alexandra Sanatorium in London. It was a case of life or death. They told me frankly

[Mr. R. Myers.]

that he would not live in the hospital, he was going down every day, and coughing up blood. They had not the right facilities to handle his case. I did everything I could for the man. I hope Mr. Hale is here, because he will remember the case. I tried to get the hospital expenses borne by the government, but I got a bill myself for \$185, and I expect I will have to pay it. There is no way in the world of giving that man free hospital treatment, because you could not trace it to war service. I knew the man, and everyone else knew him. He came back from overseas only a shadow of himself. Each winter he had a heavy cold. He had pneumonia, and then it developed into serious lung trouble. It got so that he was not a fit patient to put in the public ward in a public hospital. There was only one place where they could properly treat him, in a sanatorium, and they took him there. There are hundreds of these cases, and I know several myself.

By Sir Eugene Fiset:

Q. Your idea is to deal with all cases of returned men that are not otherwise provided for under the Pension Act?—A. Quite so. We maintain that in this country we have hospitals; we maintain the equipment and have establishments, and a man should be able to go to that establishment and get some consideration should he need treatment.

Witness retired.

The Committee adjourned until 4 p.m.

AFTERNOON SESSION

The Committee resumed at 4 p.m., Mr. Power in the chair.

The CHAIRMAN: Mr. Myers will now continue.

Mr. RICHARD MYERS recalled.

The CHAIRMAN: You may proceed with "Orthopaedic appliances."

The WITNESS (Reads): The Federal Government has been fairly successful in providing artificial legs for the War amputations. They have adopted various types of legs and considered adaptations from other well known artificial legs in order to produce the best and most satisfactory type of leg for leg amputation cases.

The situation regarding the arm amputations is quite different. Carnes Arms were first issued to all arm amputations but there was not a great deal of training the men in the use of the arm after being issued. A change of policy did away with the Carnes Arm and the Starr Arm, also known as the Canada Convertible Arm, was brought into effect. Schools were started in various parts of the country, training men in the use of this arm and the short work arm which were then, and are now, available. The Starr Arm was not found practicable and did not find favour with the arm amputations, particularly those whose amputation occurred above the condyles of the humerus. The result is that to-day we have only about three per cent of the arm amputations above the elbow wearing an artificial arm.

Dr. Donald Anderson has evolved an artificial arm which possesses real merit. The hand is made of electron and steel, operates fairly efficiently and can be successfully used in a number of occupations. Owing to the length of time since the War, the fact that more arm amputations above the elbow have got used to going without an appliance and the inability to provide them with

[Mr. R. Myers.]

an arm that was satisfactory, it would be advisable to give the arm evolved by Dr. D. Anderson a thorough test so as to bring it to the notice of all arm amputations whose amputation is above the elbow, in order that they might become interested in its use and be able to provide themselves with an artificial appliance which will not only improve their appearance but increase their utility.

Mr. ADSHEAD: Do they provide themselves with it?

The WITNESS: The Government supplies them. We would suggest that an arm amputee be selected who has had experience in wearing and demonstrating an artificial arm, be engaged by the Department for the purpose of visiting all the Units in Canada and showing the possibilities of the Anderson Arm to the various upper arm amputations throughout Canada. In this way we feel that a real effort will be made to provide the amputations above the elbow with an arm that he can wear and use with some effect.

In this connection it would be necessary to carry out a certain amount of experimental work and after the demonstrator has shown the usefulness of the arm, certain types of arm amputations could be selected who would be fitted with the arm for upper amputation, and allow them to carry out a test, say, of two months, reporting to the Minister on conclusion of the two months' period. In this way it could be demonstrated that the arm is satisfactory and the suggestions and ideas of the men wearing the arms obtained, with a view to altering and evolving an arm that can be adaptable and useful.

In this connection I might say that during the noon hour recess we have had a discussion with Major Melville, who is chief of the Orthopaedic and Surgical Appliances Branch of the Department of Soldiers' Civil Re-establishment and discussing with him these suggestions it would appear to us that the department is taking a very reasonable attitude, and I do not see at the moment any real reason for very much discussion on this matter.

By the Chairman:

Q. Do you drop your suggestion?—A. We do not exactly drop the suggestion, but in the meantime we will discuss this matter with the departmental officials, and before you bring in your report you can examine Major Melville.

By Sir Eugene Fiset:

Q. In other words, you drop your monopoly?—A. I do not see the need of prolonging the discussion on this suggestion, if we can really get together in the finality with the officials of the department.

Mr. GERSHAW: The whole thing is rather technical for this committee, anyway.

The WITNESS: Yes, it is a technical matter.

By the Chairman:

Q. Speaking candidly, Mr. Myers, has the department endeavoured, so far as possible, to meet any serious demands of the returned men for artificial limbs?—A. I must say this much; there has been a decided improvement in the administration of the Orthopaedic and Surgical Appliance Branch of the Department of Soldiers' Civil Re-establishment in the last two years.

Mr. McPHERSON: I suggest we go on with the next item leaving this to be brought up later if necessary.

The WITNESS: (Reads):

Markers for Graves of all Deceased Ex-Service Men and Women. It is submitted that the graves of all members of the forces who die, irrespective of the cause of their deaths, should be distinguished by markers, in the same manner that the graves of ex-service men dying

[Mr. R. Myers.]

as the result of war service are now marked. At present the Government by placing a proper granite marker over the graves of ex-service men and women who die from their war disability shows discrimination in that others who honourably served and die from other causes are not honoured by having a marker placed over their graves. This matter causes further grief in the life of the next of kin in that the service that he or she so faithfully gave is not recognized after death, and that the next of kin must pay for the marker, if one is desired. This means expense which we feel should be borne by the War Graves Commission or the Federal Government in all cases. As an instance, in the Veterans Plot in Prospect Cemetery, there are many graves of men who are buried and no marker has been placed. To all intents and purposes they may be unknown soldiers. These should be properly and honourably marked. It is not a question of whether a man die from a war disability or not, but rather a mark of respect from a grateful country, that posterity may be reminded of valiant service and life honourably laid down.

Mr. ADSHEAD: I think that Mr. Scammell had better repeat what he said to us a few moments ago.

Mr. SCAMMELL: The policy of the department has been that where a man dies from his service disability, a marker is erected over his grave, the same marker that is used by the Imperial War Graves Commission on all graves throughout the Empire and in France. If a man is in hospital and dies from a non-service disability, he is buried by the department, but no marker is placed on his grave. Last year this matter was very carefully considered by the Minister, and he decided that markers should be placed on all graves of the men who died while on the strength of the department, and steps have been taken so that during the Spring and the early Summer that will be carried out.

There is another class of cases: a man buried by the Last Post Fund. You will remember, Mr. Chairman, that this matter was discussed in parliament at the last session, and the Prime Minister stated that the expenses of the Last Post Fund, so far as burial was concerned, would be met by an extra grant from the government. That necessarily includes the placing of markers on the graves. That matter is also in hand, and during the Spring and early Summer the unmarked graves of men buried by the Last Post Fund will be duly marked.

The fourth class referred to by Mr. Myers, are those who died from non-service disability, not on the strength of the department, and not buried by the Last Post Fund. They are buried by their relatives. Some of them are buried in the soldiers' plots in the various cemeteries. Those graves, unless a marker is provided by those responsible for the burial, are unmarked.

Mr. ADSHEAD: If the relatives desire a marker, they can put exactly what they please?

Mr. SCAMMELL: Not in the soldier plots. There is the usual regulation covering all these plots, that the marker must be of a uniform design.

By Mr. Adshead:

Q. Then the grave goes without a marker if the relatives do not pay for it?—A. Decidedly.

By Mr. McPherson:

Q. What is the cost of one of those markers?—A. The average cost has been \$45.

By Mr. Adshead:

Q. Have any advances been made to the relatives of these people who are buried in the Veterans' plots, that have no markers, as to whether they would like a thing of that sort?—A. Certainly not.

[Mr. R. Myers.]

Q. No communication has been had with them in any way?—A. No.

Q. Supposing a relative were able to carry out a burial, but was not in position to put up a marker, would the stipulation of last year cover that?—

A. Under the Pension Act, when a pensioner dies, whether from his war disability or not, the relative would be granted a sum not exceeding \$100 to cover the last sickness and burial. The average cost of the Last Post Fund for the burial, including a marker, is just under \$100. Therefore, the amount granted by the Pension Board, if it covers only the burial of the man, should include provision for the marker.

Q. It is possible for a veterans' plot to have a number of graves with nothing over them at all?—A. That is the case all over the country.

By Mr. McPherson:

Q. In addition to that, the suggestion would also cover a great number of men who would never report to the government at all, and the department have no notice of their deaths?—A. We are really dealing with the veterans' plots. Go into the various veterans' plots throughout the country, and you will see the odd marker here, and another one there, and in many cases no marker of any kind. I am very glad to notice, however, that progress is being made in the direction of getting more markers, under the stipulation as laid down by Mr. Scammell.

By Sir Eugene Fiset:

Q. Have you approached the representative of the War Graves Commission here in Canada on the subject matter?—A. Yes. Colonel Osborne, I think, has been written to, and I would think that the department has also been in communication with him on the matter.

Q. It seems to me that the activity of the War Graves Commission is getting less and less all the time, as far as their actual work is concerned, and they could extend it to cover this field?—A. I think that your suggestion is an excellent one, if it could be carried into effect.

Q. The grant they are getting at the present time is exactly the same as it was in the beginning. Of course, their work is decreasing, and they could undertake it with the same grant.

MR. SCAMMELL: May I make another explanation there? The War Graves Commission is limited to the placing of markers on the graves of men who died from causes attributable to service. That authority expired some time ago. The Government, however, passed an Order in Council putting into the hands of the War Graves Commission the placing of markers, at the expense of the Canadian Government, on the graves of the men who died from service disability in Canada. Subsequent to the expiry of that authority, the general authority existed.

SIR EUGENE FISET: I feel that their field could be extended quite easily.

THE WITNESS: (Reads):

Ex-service men and women who die in indigent circumstances and are buried under the auspices of the Last Post Fund are all marked as a matter of honour and the question as to cause of death is not even considered.

The cases of two men may serve to illustrate the discrimination which exists in this matter. A man whose service was confined to England and discharged as medically unfit dies from a cause attributable to service. The grave of this man is marked to show that he served in the forces.

Another man with three years' effective service in the front line dies from natural causes. Should not the same distinction be given

[Mr. R. Myers.]

to the grave of this man? It is merely asking that the Government should extend to the man the respect which he earned in his life.

Witness retired.

CHARLES JAMES BROWN called and affirmed.

The WITNESS: Mr. Chairman and gentlemen: this is the resolution from our Association dealing with the problem of the Returned Soldiers' Insurance Act. (Reads):

It is urged that the benefits of the Returned Soldiers' Insurance Act be made available to veterans for a further period of one or two years, and that condition No. 6 of the policies be repealed, and that the limit of insurance be raised to \$10,000.

By Mr. Speakman:

Q. Condition No. 6, is the condition that provides that in case of a widow, or dependent, being pensionable, only the amount of premiums paid, with interest, is paid?—A. Exactly sir.

The WITNESS: (Reads):

In the years that the Returned Soldiers' Insurance Act was in force the country was experiencing a period of depression. Unemployment was great and the chief sufferers through lack of work were the disabled men, because to them, employment is limited to certain classes of work. Consequently, they were not in a position to take advantage of the provisions of the Returned Soldiers' Insurance Act and by the time they had obtained work, and to a certain extent become re-established, the Act was repealed.

In the case of amputations and other seriously disabled men, it is pointed out that a great many were in hospital. Some also were taking vocational training. The pay and allowances in both cases were insufficient to permit insurance being taken out, or only a small amount secured. Consequently, these men have not any protection for their dependents, or only a very small amount, in case of death.

Further, we find with ordinary line companies in cases of straight life and other forms of insurance, e.g., non-participating, that the rates are only slightly higher than those charged under the Returned Soldiers' Insurance Act, despite the fact that the Government does not pay commissions, dividends to shareholders, and that its general expenses do not approximate those of an ordinary line company. In view of these facts, the ultimate cost to the Government in extending the scheme of returned soldiers' insurance should not be so great, as to prevent the re-enactment of this legislation.

With respect to Condition No. 6 of the policies issued by the Government, it is claimed that this is a case of insurance which does not insure. In the case of amputations, except for their disability, they are generally in good health and recognized as good risks by ordinary line companies, subject, however, to a higher rating from 5 to 10 years. Should an amputation, insured by one of these companies, die as a result of war service, as for instance, thrombo angvitis obliterans, and his dependents are pensioned by the Government, his dependents not only receive the pension, but the face value of the insurance policy. An example may better serve to illustrate this point. It is the case of William Riley, an amputation pensioner, whose life is insured with the Sun Life Assurance Company of Canada for the amount of \$5,000. In the course of

[Mr. C. J. Brown.]

a few years he is admitted to hospital suffering from thrombo angylitis obliterans from which he dies. Death is attributable to service and as he was married prior to the appearance of disability his dependents are pensioned. In addition to pension the insurance money is paid by the Sun Life Assurance Company. In the case of the Returned Soldiers' Insurance Act, under Condition No. 6 of the policy, only the premiums, plus interest, are returned.

We desire to impress upon you the fact that in more than one case that has been brought to our attention it appears that a pensioner has taken out a policy under the Returned Soldiers' Insurance Act in order that his widow might liquidate and pay off the mortgage on his home after his death; his pension being insufficient for that purpose while alive, and her pension being insufficient to do so after his death. We can see no reason why a pensioner should not be allowed to carry Government Insurance to meet this eventuality.

Again, it is totally unfair to ask a man to take out insurance under the Returned Soldiers' Insurance Act, pay in his premiums, and then, in the event of pensionability of his dependents upon his death, to pay only the premiums with interest. During the lifetime of that man, the amounts paid in by him for insurance could possibly have been used to greater benefit. The man may have denied himself and his family many little things, even necessities, to pay for insurance, and be unaware that the face value of the policy is not paid to his dependents in the event of his death.

This completes our argument with regard to the returned soldiers' insurance.

By Sir Eugene Fiset:

Q. Have you made any comparison between the rates of the Civil Service insurance and this returned soldiers' scheme? What is the difference in the rates.—A. We have not made that comparison, sir.

Q. It seems to me that that would be the best basis of comparison you could possibly use?—A. I think, sir, we are quite satisfied with the rates of the insurance, if this clause was deleted.

By Mr. Thorson:

Q. Is the rate materially less than that of ordinary insurance companies?—A. Not so very much, sir.

Q. Is it less at all?—A. Very slightly.

SIR EUGENE FISET: There is at present a law that enables Civil Servants to take insurance up to ten thousand dollars—there was an amendment two years ago—and the rates are lower than the rates of ordinary companies. If the rates for the Civil Servants are approximately the same as those charged the returned men, I am altogether in favour of that.

THE CHAIRMAN: As a matter of fact, the Legion have shown that it has been more or less profitable.

MR. BARROW: The Civil Service insurance is cheaper, sir. I believe the Civil Service Fund is six per cent; the returned soldiers' fund is about four and a half per cent. It is, consequently, proportionately cheaper as far as the premium is concerned.

MR. SPEAKMAN: I wonder if the witness, or possibly Mr. Scammell, or someone, could let us know the amount of reserve built up now, to date under the Insurance Act?

THE CHAIRMAN: That has been reported in some document.

MR. BOWLER: Approximately six million dollars.

Sir EUGENE Fiset: Who administers this?

The CHAIRMAN: The Department of Finance.

Mr. SCAMMELL: No, sir, we administer it entirely. We collect the premiums and we pay the death claims. The amount of cash on hand at the end of the last fiscal year was \$5,090,000. This amount has been received, and death claims paid. The actual loss on operations, based on the lifetime of the insured, to date is about \$1,200,000. That is the potential loss so far, so that there is really no reserve.

Sir EUGENE Fiset: Have any steps been taken, or what is the reason that this insurance scheme is administered by the D.S.C.R., instead of being placed in the hands of the Insurance Department?

Mr. SCAMMELL: The whole insurance scheme was inaugurated by the D.S.C.R. in the first instance. The reason was to provide some means for the families of men who died from non-service disability, and who, therefore, were not entitled to a pension after death. That is the reason why this particular clause, to which the witness has called attention, was inserted, that the insurance would not be payable if a pension was payable. Four years ago, I think it was, an amendment was introduced to that, providing that insurance of five hundred dollars would be payable as well as the return of the premium. I would like to correct the witness, insofar as that is concerned. This five hundred dollars is now always paid if the insurance is five hundred dollars or over, but the insurance itself, beyond five hundred dollars, is not payable if the beneficiary is pensionable under the Act.

Mr. McPHERSON: The impression I have of the insurance, just from reading about it in the paper, is that it was instituted for the very opposite reason. That is, that it was a method of insurance whereby the returned soldier could place insurance on his life when he was unable to place insurance with a straight line company, owing to his disability.

Mr. SCAMMELL: Precisely. He may die from non-service disability, and his dependents would not be entitled to a pension.

Mr. McPHERSON: If he places insurance in this government insurance, because he cannot place it in another insurance company, on account of the disabilities caused by war, then the result is that his widow gets no insurance except the proportion allowed?

Mr. SCAMMELL: If he dies from a disability not connected with the war, then his widow gets the insurance. It was to protect her in that case, or to protect the widow of the man who married after the appearance of the disability.

Mr. McPHERSON: Would there not be a great deal of misunderstanding as to what was being done? My understanding was exactly the reverse. I thought it was for the purpose of insuring a man who could not buy insurance in a straight line company, on account of war disability.

Mr. SCAMMELL: That is perfectly correct.

Mr. McPHERSON: Now, I take it, the government's reason for the insurance was to insure a man who was not suffering under disability that gave him a pension?

Mr. SCAMMELL: No, no.

Mr. McPHERSON: I understood you to say that it was for the man that died of some other disease, other than that caused by the war?

Mr. SCAMMELL: Then the insurance would be payable.

Mr. THORSON: If he dies from a war disability, for which he is pensioned, then it is not paid?

[Mr. C. J. Brown.]

Mr. SCAMMELL: The five hundred dollars is paid. His widow is pensionable.

Mr. THORSON: But he does not get the insurance, except the five hundred dollars?

Mr. SCAMMELL: If he has married since the appearance of the disability, and he dies from a war disability, his widow is not entitled to a pension, and she is then entitled to the insurance.

Mr. McPHERSON: Can you give us any idea of the proportion of insurance policies issued to men who are disabled and drawing pensions?

Mr. SCAMMELL: I could not give you that offhand, but that could be secured. There were, at the end of the last fiscal year, 26,000 policies still in force, representing insurance of \$57,000,000. There is only a medical examination in certain cases, that is, the cases of men who have a serious disability. That examination was put on when the term of the insurance, or the term of application for insurance was extended by one year. The insurance originally was for two years. It was then extended, with certain limitations, for an extra year.

Mr. THORSON: During the first two years, any one at all could take up insurance, without a medical examination, no matter what disability he was suffering from?

Mr. SCAMMELL: That is so, and the main portion of that loss of approximately \$1,200,000 was because of the insurance that was taken out during the first year. The seriously disabled men naturally took advantage of it, as far as they were able to.

Mr. ADSHEAD: Then, you evidently had men insured that the straight line companies would not take?

* Mr. SCAMMELL: Very many. As far as the question of premiums is concerned, there is a difference between the premiums charged by the straight line companies and the premiums charged the civil servants for their insurance, but in the case of the civil servants' insurance there is a very rigorous medical examination.

Mr. THORSON: Are the premiums charged the returned soldiers lower than the premiums charged by the line companies?

Mr. SCAMMELL: Very little lower.

Mr. ADSHEAD: It is a wonder they are not higher, considering that you take them without any medical examination.

Mr. SCAMMELL: Yes, sir. However, we are paying no agency commissions, and the cost of administration is not being borne out of the insurance fund.

Mr. SPEAKMAN: It is comparable with group insurance, as carried by certain companies?

Mr. SCAMMELL: Very much.

Sir EUGENE Fiset: If the civil servants' insurance were applied to the returned men, would it be cheaper for the returned men, and would it also be broader?

Mr. SCAMMELL: It is not as broad as straight line insurance.

Mr. ADSHEAD: You would have a medical examination then?

Mr. SCAMMELL: The insurance is strictly for certain named beneficiaries; this insurance does not become part of a man's estate. A man may be hopelessly in debt at the time of his death, but the insurance is payable to the widow and the creditors cannot get it. There are certain named beneficiaries who come under the Act.

Mr. McPHERSON: What would happen in a case like this: A man insures in the government insurance and he makes his insurance payable to a niece. He has a wife and children who draw pension. He dies from a disease that was caused by overseas service?

Mr. SCAMMELL: I am not quite sure whether a niece is one of the main beneficiaries, but if she were, the insurance would be paid.

Mr. McPHERSON: The niece would get it, and the wife would not?

Mr. SCAMMELL: If she is one of the main beneficiaries. It can be made payable to children. The insurance must be taken out by a man, in the first place, for the benefit of his wife, or, if he is unmarried, for the benefit of his future wife.

Mr. McPHERSON: He could not do it?

Mr. SCAMMELL: I do not think he could, if he had a wife.

Mr. SPEAKMAN: In group insurance the rates are slightly higher. There is no medical examination, but in ordinary group insurance the amount is payable in any case.

Mr. McPHERSON: Group insurance depends entirely on your deal with the company, as to whether there is an examination or not?

Mr. SCAMMELL: I perhaps had better read this condition, Mr. Chairman. (Reads):

8. Beneficiaries. The insurance money may be paid to the wife, husband, child, stepchild, grandchild, brother, or sister of the insured, or father, mother, grandfather, grandmother, stepfather, or stepmother of either the insured or his wife; but there are the following further limitations as to the persons who may be named as beneficiaries in the policy:—

- (1) If the insured is a married man or a widower with a child or children, the beneficiaries named in the policy may be either his wife or his wife and children, or his children alone, or his wife and some one or more of his children. If he survives his wife and all his children the insurance money may be paid to such of the other relatives above mentioned as he may designate. If the insured survives all the said relatives the insurance money payable is the reserve on the policy at the time of death, and this becomes part of his estate. (In all cases the reserve on the policy is approximately equal to the cash surrender value—See Tables pages 10 to 13).
- (2) If the insured is an unmarried man or a widower without children the beneficiaries named in the policy must be his future wife or his future wife and children. If the insured dies unmarried or a widower without children the insurance money will be payable to such of the said relatives above mentioned as he may designate. If he survives all the said relatives the reserve on the policy becomes part of his estate.
- (3) If the insured is a female any person of the above described relationship to the insured may be named as beneficiary in the policy, provided that, in the case of a female insured as the widow of a returned soldier, the beneficiary must be to a substantial extent dependent upon the insured for support.

That is the condition governing eligibility.

By Mr. Gershaw:

Q. Clause B. mentions an increase in the insurance from \$5,000 to \$10,000. Will you state your reason for that?—A. Our argument along that line was that

[Mr. C. J. Brown.]

a lot of our members would think that possibly \$5,000 was not enough, and, if they wished to take out more, that they should have the right to do so, if the government thought fit to reopen the Act. That is what we ask, that that be increased to \$10,000.

By Sir Eugene Fiset:

Q. Have you had any consultation with the D.S.C.R. on this matter?—A. No, sir, we have not.

By the Chairman:

Q. This \$10,000 request has been made to several committees, nearly every year, has it not?—A. Yes, nearly every year, sir.

By Mr. McPherson:

Q. Would the extension of the insurance scheme still interest you, even if clause No. 6 were left out?—A. That is a point we are not willing to answer at the present time. We will leave it to the good will of the department, or the government, but we would hate to answer that point just at the present time.

MR. THORSON: You might ask Mr. Scammell to read condition No. 6, so that we may have it on the record.

THE CHAIRMAN: The witness has it here.

THE WITNESS: (Reads):

6. *Deduction on account of pensions.*—If, on the death of the insured, a pension becomes payable under the Pension Act to any person or persons within the classes mentioned in section four of the Returned Soldiers' Insurance Act there will be deducted from the death benefit payable under this policy the aggregate present value of the pension or pensions so payable and in such case there will be returned to the beneficiary or beneficiaries in proportion to their respective interests under this policy the proportion of the premiums paid with interest at four per cent per annum compounded annually which the amount of the said deduction is of the original amount of insurance. The present value of the pensions payable shall be computed on the basis of the British Officers Life Annuity Tables, 1893 (ultimate), male or female, according to the sex of the pensioner, supplemented at the earliest ages by such tables of mortality as the Board deems appropriate and a rate of interest of four per cent per annum, and in the case of a pension to a spinster or widow such table showing the probabilities of marriage or remarriage as the Board deems fit.

By Sir Eugene Fiset:

Q. Have you had any cases lately where any of your men have had insurance in other companies at a cheaper rate than they can get under this Act?—A. Yes, we have.

Q. After going through a medical examination?—A. Yes, with the medical examination.

Q. Therefore, the rates accorded the returned men, compared with other companies, are not very low?—A. Not very much.

MR. MYERS: May I point out that this insurance takes in all classes of pensioners.

MR. ADSHEAD: Without medical examination?

MR. SCAMMELL: The clause as amended in 1922, reads as follows:—

1. Section ten of The Returned Soldiers' Insurance Act, chapter fifty-four of the statutes of 1920, as amended by chapter fifty-two of the statutes of 1921, is repealed and the following is substituted therefore:—

[Mr. C. J. Brown.]

10. (1) If on the death of the insured, a pension becomes payable under The Pension Act or the Pension Law of the United Kingdom, or of any of His Majesty's Dominions (other than the Dominion of Canada) or of His Majesty's Government, or of any of His Majesty's Allies or Associated Powers in the Great War, to any person or persons within the classes mentioned in section four of this Act, there shall be deducted from the benefit payable under this Act the aggregate present value of the pension or pensions so payable computed on such basis as may be prescribed by regulation made under the provisions of section seventeen of this Act, and in such case there shall be returned to the beneficiary or beneficiaries in proportion to their respective interests under the contracts the proportion of the premiums paid (with interest at four per cent per annum compounded annually) which the amount of the said deduction is of the total amount assured under the contract: Provided,—

- (a) That in case the contract is for the benefit of the wife of the insured, or of his children, or of some one or more of his children, and the death occurs after six months from the effective date of the contract, the sum of five hundred dollars if the amount of the insurance is five hundred dollars or over, or the full amount of such insurance if it is less than five hundred dollars, shall be paid to the widow, or to the widow or some one and more of the children, as the case may be, and the return of premiums, if any, shall be based on the balance of insurance after payment of the amount due under this subsection and deduction of the aggregate present value of the pension as above provided;
- (b) That in no case shall the benefit together with the amount of premiums and accrued interest returned to the beneficiary or beneficiaries under this section exceed the face value of the policy;
- (c) That this section shall not operate when the beneficiary of the insurance is the wife of the insured and a pension is awarded under The Pension Act to some other person or persons named in section four of this Act.

(2) The provisions of this section shall apply to all policies which have been issued or shall be issued under The Returned Soldiers' Insurance Act and any amendment thereto, provided however, that this amendment shall not operate to deprive holders of policies issued prior to passing of this amendment of any rights or privileges now vested in them.

Sir EUGENE Fiset: That is \$500 notwithstanding what may be the amount of the insurance?

Mr. SCAMMELL: \$500 or over.

Mr. McPHERSON: Mr. Scammell, I will not ask you to answer this question offhand, but I will ask you to think it over, and I may ask you later. Why should the government charge nominally the same rates for their insurance under their insurance scheme as a business proposition, and then not pay the full insurance because some of the beneficiaries happen to be receiving a pension, which is due to them on account of war service?

Mr. SCAMMELL: For the simple reason that the whole argument brought forward at the time this insurance scheme was put in force was that something should be put forward which would provide for persons who were not pensionable. There is a potential loss, but it will not be felt for several years.

Mr. MacLAREN: Then it is not a business proposition.

[Mr. C. J. Brown.]

Mr. McPHERSON: Perhaps not from the government's standpoint, but from the insurer's standpoint, it is purely business.

The CHAIRMAN: This was a scheme for the benefit of soldiers who did not obtain a pension. In cases where they did not obtain pension it was thought best to introduce some scheme for their protection, and this scheme was introduced. I remember well that there was no thought at the time that this could be a business proposition from the government standpoint. However, it may have turned out better than was expected.

Mr. MacLAREN: Everyone was allowed to go in without an examination.

The CHAIRMAN: I think Dr. McGibbon was the prime mover in this thing; it was to look after what we call sub-standard risks.

Witness retired.

FRANK T. J. McDONAGH, called and sworn:

WITNESS: Mr. Chairman and gentlemen: I am here representing the Canadian Pensioners' Association, but the scheme I bring before you has received the endorsement of the Amputations Associations, the Sir Arthur Pearson Club for the Blind, the Tubercular Association of Toronto, several branches of the Toronto Legion, and, I understand that on Saturday last, it was also endorsed by the Dominion Command of the Legion, and endorsed by the Veterans' Re-Union Council in Toronto, as well as several civil organizations. The resolution which we present is:

That the Dominion Government be requested to establish a Federal Rehabilitation Board in Toronto and other large centres, consisting of three qualified ex-service men to function under the control of either the Federal Minister of S.C.R. or Health and Labour at Ottawa, to deal exclusively with "Problem Cases" referred to said Board from the Handicap Department of the Employment Service of Canada with regard to:—

- (1) Sheltered employment,
- (2) Retraining,
- (3) Short courses of instruction,
- (4) Admittance to Indigent Men's Home,
- (5) Medical Treatment when necessary,
- (6) Disposition by Federal Minister concerned with respect to "Problem Cases" not otherwise provided for under existing regulations.

I suppose that you are all in possession of a copy of our brief, and you have been so indulgent to myself and my colleagues in sitting this afternoon that I will not trouble you with reading it, but merely try to outline to you what it contains. The problem of the returned man who is gradually burning out as a result of his war service is becoming a serious problem. In the Toronto office of the Dominion Government Employment Bureau, with which is also associated the Province of Ontario Labour Bureau, a man registers for work. I believe on Friday Mr. Dobbs and Mr. Marsh, of that office, presented to you some of the facts in connection with the numbers which were there. I also believe the Chairman asked Mr. Marsh to supply him with the percentage of what might be termed civilian disability cases recorded at this office. Mr. Marsh informed me last night that it was 8 per cent. Now, there are registered in the employment live file in Toronto 1,100 cases of ex-service men who report to that office once a week looking for work; there are 300 more who report at least once a month, and there are about 1,200 others who have become discouraged and have not reported for some time, and their cases have been transferred to what is termed the dead file. The average age of the ex-service men

[Mr. F. T. J. McDonagh.]

who are registered as unemployed at this office in Toronto is 41.5 years. Some of them are well up in years, while some are younger, but 41.5 years is an age when a man is in his prime and should be getting good out of life, but in these cases he is registered down there in a class of what you might term "casual labour." The average placements from this department are 2,200 per year, and of that 2,200 per year 80 per cent of them are pensioners of the Great War.

I have here a rough diagram which I will try and explain to you, which we hope will remedy some of the conditions which exist at the present time. When a man applies for vocational training—and if I am wrong I hope Mr. Scammell will check me up—he goes to the employment office on Front street, which refers him to the local S.C.R. in Toronto, who in turn pass on the recommendation to Ottawa, where the complete file of the man is kept. The people in Ottawa, with the very best of intentions, consider that case. They are handicapped in that they have not the personal contact with the man; all they have in front of them are the reports of the officers and the cold print on the paper before them; they cannot see the man or visualize the possibilities which lie in that man, and in some cases, with the very best of intentions, a man is not successful in getting vocational training. For instance, there are some cases where men came back from the war, and they decided to be one thing, and the government was good enough to grant them a vocational course. After a year or so in that line they found they were not able to continue; it did not satisfy them. Then they had to be started all over again, and naturally when you are looking at a file and find the man has had several chances at vocational training, the inclination is to say, "That fellow is not really applying himself." It may not be that at all; it may be that the chap has not found himself, and by the system we wish to have put in operation we feel that man will be given a chance to come in contact with you, and you will have a chance to recommend him for the proper training. They will thus be able to sit down and talk around the table, where a man can bring out his whole history, and they will try to fit him into the job. Now, the scheme which we have in mind—if I may point it out to you through this diagram—(and I am no draughtsman, if I may say) is that all the applicants will register at the handicap department of the Labour Bureau. They will take the full record of the man, and if they find a position they can fit him into, they will turn him out, as it were, an able-bodied man and put him into that position. But if that man needs something else they will send him to what we wish to have formed, a rehabilitation board, consisting of three qualified ex-service men, who will consider his case. Supposing he is a man who is burned out, getting a 20 per cent pension; his days are about finished; he is of no more use in the world. They will send him then to what is already provided, the indigent men's home. If there is a chance to get him, under Privy Council order No. 2944 into government employment, they will recommend him to the Civil Service Commission at Ottawa, or if there is a job of getting him the preference to which he is entitled by reason of his war service, they will so recommend. But if they find he needs some training—and there are unfortunately those who have not been able to get a hold of themselves—by taking a course of training, say, in the Vetreft shops, they will be able to come on the market again as proper subjects for labour.

With regard to the vetreft shops: we believe they should be enlarged. For instance, in the Toronto vetreft shop, which has been doing excellent work with regard to enabling men to get a hold of themselves, it is not large enough. I asked Mr. Marsh last night, before leaving Toronto, how many men he had been able to get into this Vetreft shop in the last two years, and he told me he had only been able to get in six; that they had their staff, and were trying to make men out of what we might term "wrecks", but had not been able to put any more than six in. That is unfortunate; they should be able to take

[Mr. F. T. J. McDonagh.]

more than six. If a man goes to a vetacraft shop and goes on the labour market, and he comes back to the labour office, he is then fitted into a position by the employment service. Then, if we find a man can fill a position as a telephone operator or an assembler for radio parts, or something like that, through the scout system at the employment office and in the S.C.R., a course can be given to that man for a period of two months, whereby he goes to a shop and takes this course of training with a company, and the government pays him for those two months. In that period of two months our recommendation is that the expense to the government itself is not any more than \$100, and that comes through the S.C.R. If, when the Rehabilitation Board is discussing a man, they feel he should have more medical treatment, they refer him to the medical branch of the D.S.C.R., where he can get this further treatment.

Now, gentlemen, I have outlined very briefly to you what our idea is. We have given the matter considerable thought and research, and we think if such a board as this were established it would go a long way to help those men who have no confidence in themselves, and who have reached that stage as described by some writer not long ago, "To dig I am not able and to beg I am ashamed". Thank you.

By the Chairman:

Q. This suggestion of yours provides for what we might call a clearing house.—A. Yes.

Q. Is there any reason why the officers of the D.S.C.R. should not by conferences and by acting together attain the same purpose which you suggest? It is a co-ordination of all the efforts of the S.C.R. that you want to bring about?—A. Yes.

Q. You suggest an outside board be created for that purpose?—A. Yes.

Q. Why could not the same object be attained with the present personnel?—A. It might be possible, but we would prefer, after thought, that if it were to come under the consideration of the present officials—and they have given excellent service—it might not be quite the same, and we suggest that there be one from the local S.C.R., one from the local office of the Labour Bureau, and an independent third man who is not tied up to either department, and that Ottawa could, if it wished, have some man who has had the experience, such as Mr. Scammell, who would be able to give these various boards the advice they needed. Does that answer your question?

The CHAIRMAN: Not quite. The point is that you think it is almost essential to the success of this scheme that there should be at least one outside man.

The WITNESS: Yes, we do.

By the Chairman:

Q. But once he gets inside, would he not be just as bad as the fellows who are there? Has that not been your experience?—A. Yes, but it might be a case of fresh blood, and sometimes fresh blood saves a patient's life.

Q. A new broom sweeps clean, but not for very long;—A. We have given much thought to that, and we think there should be independents, either three or two, on the board.

Q. You mean independent when they go in?—A. Yes.

Q. But as government employees they lose their independence as soon as they are there a week.—A. That is believed to be a fact, yes.

By Mr. Speakman:

Q. You mean some body of men, or a man who is not wedded, through his former training, to any particular form of rehabilitation; whose mind is open.

[Mr. F. T. J. McDonagh.]

so far as a man's mind in that position can be open, to receive your problems?—A. Yes.

By Mr. Thorson:

Q. Are you putting your recommendations on the record?—A. I would like to, yes.

Mr. THORSON: I think it advisable to do that, because this will be read by people who are not present.

The CHAIRMAN: That may be done.

Recommendations printed in appendix.

Mr. MYERS: If I may make a suggestion—it is not exactly a suggestion, but I know what was in their minds when dealing with the question of the Board—what was really in their minds was that they were anxious to get men who were entirely detached from the department, men who had not the official mind, business men—and there is no personal reflection there, mark you—who would have that sympathy and understanding combined with their common sense and business way of doing things, to deal with the men.

Mr. SCAMMELL: Mr. McDonagh, how would this suggestion strike you: that there should be, say, weekly, or as often as required, a conference in a unit office of the department—we will say at Toronto—consisting of the various heads of the branches of the department, and representative from the handicap section of the employment service, and a representative from each of the ex-service men's organizations operating in that vicinity, to form a round table conference to discuss these problem cases and try to arrive at a conclusion?

The WITNESS: I believe, Mr. Scammell, at the present time there is something along that line, under which those men are allowed \$10 a day for their attendance; I am taking the word of Mr. Marsh for that, because I do not definitely know myself. He said that scheme did exist, and was not fulfilling its object.

Mr. SCAMMELL: There is no scheme of the nature I mentioned. I was wondering if you would consider that. You would have the fresh blood brought in to bear upon the problems, if we had representatives of the ex-service men's organizations, as well as the employment service, to sit and discuss these very difficult cases.

The WITNESS: Possibly if we had the ideal situation, with only one soldiers' organization, that might do, but in Toronto I suppose you will find fifty or fifty-five soldiers' organizations, and if you called them all in you would have a very unwieldy body.

Mr. MYERS: What we wanted were business men—employers of labour.

By the Chairman:

Q. Do you know anything of the situation with regard to Montreal? I remember seeing in the paper something about some sort of a committee—a voluntary committee I may say—of which I think General McCuaig was the Chairman, which took into consideration all demands for employment and all requests for employment, and endeavouring to place the men through this committee.

Mr. SCAMMELL: I believe that committee has ceased to function, but there is in Montreal a rehabilitation committee of which Sir Arthur Currie is chairman. It is very much along the lines of the committee to which you refer, and which General McCuaig ran some time ago. I happen to be on that present board. We meet and discuss these different problem cases, and try our best to find a solution. We had previously in Toronto a rehabilitation board consisting of

[Mr. F. T. J. McDonagh.]

outstanding business men, and they were successful in placing quite a considerable number, although it was operated at a very great expense. That committee ceased to function last autumn, and all the work they were doing was turned over to the handicap section of the employment service.

The CHAIRMAN: Do you know why it ceased to function? Can you throw any light on that?

The WITNESS: The only light I have on that is from personal research, showing that the overhead expenditure was outweighing the services rendered. The men at the head of it deserve a great deal of credit for the work which they did, but the expense to which the board was put outweighed the services rendered.

Mr. SCAMMELL: That is the fact of the case, Mr. Chairman.

The CHAIRMAN: Of what did those expenditures consist?

Mr. SCAMMELL: The salaries paid and overhead. I forget what it amounted to, but it amounted to something over \$200 per placement.

By Mr. McPherson:

Q. Would it not appear that in order to get a reasonably businesslike administration of this body, free from the routine and red tape of government, it should be handled by a voluntary committee of three or four men in Toronto who will devote a certain amount of time to it free of charge? If you put a man on the payroll, he immediately becomes a servant of the government, protecting the government.—A. I think there are certain gentlemen who could take this position who would not be infected with that idea, because there are men in this country, of means, who are big enough to take a position such as this in order to render a service to the country, because it is really a service to the country which is needed. Of course, there would have to be a great care taken in the selection of the men; they would have to be men of judgment. If you could get men on the board such as that, it would be a wonderful thing, but it is going to require most of the time of at least one man, because these cases are growing in number; the number is not decreasing at all.

Mr. McPHERSON: Just on that point: if you could get, say, three well-known business men of Toronto to take that work up and devote a certain amount of time to it, their recommendations would bear considerable weight with the department, to start with?

The WITNESS: They should.

Mr. McPHERSON: And in addition to that, while I suppose it is on account of the organization, it strikes me that all the troubles of the soldiers cannot be located in Toronto alone, and the same plan might have to be worked out at various points throughout the country.

The WITNESS: We are suggesting that there be a board at various parts throughout the Dominion, such as Toronto, Winnipeg, Regina, Vancouver, Halifax, St. John, Montreal, and Quebec—Wherever there is a sufficient demand from the returned men, and in smaller places, one man might be sufficient to make the decisions.

Mr. McPHERSON: If you had one in each of the capitals of the provinces, I think you would get in touch with most of the cases.

The WITNESS: I really think we would, yes. Is there any part of the question I have evaded?

The CHAIRMAN: I think it has been found, in other spheres of governmental activity, that when they obtain the services of a man such as it is proposed to obtain in this case, he has so much other business that he has not time to attend

[Mr. F. T. J. McDonagh.]

to government business. That happens in a great many cases; if the salary is not a factor to him, he goes ahead and looks after his other business.

Mr. McPHERSON: But on the other hand there are a great many men in Canada who devote hours and hours every week to public spirited movements like hospitals and other activities of that kind, free of any remuneration. But the danger I see in the suggestion made by the witness is that after the first few months—and certainly after the first year or two—those men, no matter who they are, if it is purely a business proposition and they are getting so much salary, would get the ideas from a restrictive standpoint rather than an operative.

The WITNESS: I would not go so far as to say that of most of the officials of the Department of S.C.R.

Mr. McPHERSON: If I can get any criticism at all of the government given by the witness to this committee it is that they stick too strictly to red tape and to detailed strict interpretation of the various Acts they administer. That is an objection, whether it is right or not.

The WITNESS: There is always that danger where you have officials dealing with statutes.

Sir EUGENE Fiset: They must do that for their own protection.

The WITNESS: Yes.

By Mr. Adshead:

Q. Do you think it is a good idea to employ men of independent means and nobody else to take part in this?—A. If you can get them.

Q. I do not think it is a good principle.—A. No, it is not a good principle to back up, but it was easier to get them in war time than it is in peace time.

The CHAIRMAN: If there are no further questions, we will thank the witnesses for the light they have given us on this subject.

The WITNESS: Might I, sir, thank you, and, through you, your committee, for the very kind consideration you have given us, and the time and patient hearing.

Witness retired.

The Committee adjourned until Tuesday, March 6th, at 11.00 a.m.

ADDENDA No. 1

(Submitted by Mr. Myers)

RESOLUTIONS SUBMITTED TO THE SPECIAL COMMITTEE ON PENSIONS AND RETURNED SOLDIERS' PROBLEMS ON BEHALF OF THE AMPUTATIONS ASSOCIATION OF THE GREAT WAR, THE SIR ARTHUR PEARSON CLUB FOR BLINDED SOLDIERS AND SAILORS, AND THE CANADIAN PENSIONERS' ASSOCIATION.

Retroactivity of pension payments.

1. It is submitted that all pension increases granted to amputation cases under revision of disability ratings should be made retroactive to the date of the discharge of the pensioner and not from the date of the decision of the Board of Pension Commissioners to adjust.

Pensions to dependants.

2. It is submitted that widows and children of pensioners whose marriage took place either prior or subsequent to the appearance of a disability should receive pension, provided that such pensions should not be given to widows and children of pensioners whose marriage takes place after March 1st, 1928 or as further outlined in our argument.

Returned Soldiers Insurance Act.

3. It is submitted:

- (a) That the benefits of the Returned Soldiers Insurance Act should be made available to returned soldiers for a further period of one or two years.
- (b) That the limits of the insurance be increased from \$5,000 to \$10,000.
- (c) That Condition No. 6 of the insurance policies should be repealed.

Hospitalization

4. It is submitted that the right to medical examination and hospitalization should be extended to every man and woman who was a "member of the forces" as defined by the Pension Act.

Orthopaedic Appliances

5. It is submitted that certain new improvements in orthopaedic appliances should be considered and adopted by the Department of Soldiers Civil Re-Establishment.

ADDENDA No. 2.

(Submitted by Mr. McDonagh).

CANADIAN PENSIONERS' ASSOCIATION.

Recommendation:—Re Federal Rehabilitation Board

That the Dominion Government be requested to establish a Federal Rehabilitation Board in Toronto and other large centres, consisting of three qualified ex-service men to function under the control of either the Federal Minister of S.C.R. or Health and Labour at Ottawa, to deal exclusively with "Problem Cases" referred to said Board from the Handicap Department of the Employment Service of Canada with regard to:—

- (1) Sheltered Employment.
- (2) Retraining.
- (3) Short courses of instruction.
- (4) Admittance to Indigent Men's Home.

- (5) Medical treatment when necessary.
- (6) Disposition by Federal Minister concerned, with respect to "Problem Cases" not otherwise provided for under existing regulations.

REHABILITATION OF CANADA'S WAR DISABLED

At the end of March 1927 the number of ex-service men in receipt of disability pensions from the Federal Government reached a total of 46,385. While it is true that the majority of these ex-service men have become re-established, either by their own efforts or by Governmental assistance, there still remain a large number of the war disabled still unemployed, and in many cases badly equipped to face the action of the law of supply and demand.

Owing to the fact that nine years have elapsed since the conclusion of the Great War, the problem of placing these disabled ex-service men in suitable permanent occupations is more complex than it was in 1918, and will become increasingly difficult each year owing to many of the war disabling conditions becoming more aggravated as the men advance in years, also, due to the inevitable demoralization which is evident among so large a number of those without permanent employment during this period.

Despite the fact that the Federal Government have maintained several agencies such as:—Veteraift Shops, Vocational Training Department, Indigent Men's Home, Employment Service, Rehabilitation Committee, etc., the D.S.C.R. found it necessary to expend the sum of \$337,401.73 during the last fiscal year for relief on behalf of Canada's War Disabled who were without employment. The number of men to whom this relief was granted during the Winter alone, was 3,121, the amount expended in Ontario reaching the sum of \$149,833.95. These men who found it necessary to apply for relief in order to obtain the necessities of life for themselves and families by no means represent the extent of the problem to be faced, as many disabled men are struggling along without taking advantage of this means of assistance in the form of relief.

Ex-service men and citizens in general who are interested in the re-establishment of Canada's War disabled cannot fail to appreciate the conscientious efforts put forward by the Federal Governments of both political parties since 1918 to solve this difficult yet interesting problem, *which is a Federal responsibility*, nor to realize that the longer a man is unemployed, the more difficult will rehabilitation become, as it is an indisputable fact that the actual fear of want, subsequent incapacitation and industrial uselessness engenders Neurosis, which in many cases constitute a greater disabling condition than the original disability.

It is therefore in the best interests of the War disabled and the Dominion as a whole that no time should be lost and no effort spared in order that as many as possible of these "Problem Cases" may be salvaged and guided into spheres of productive industry where they may be able to carry on as efficiently as able bodied citizens despite their physical shortcomings. Considerable re-establishment has been effected by the various governmental departments entrusted with this work during the past nine years, surveys have been made with beneficial results, and yet, despite all these commendable efforts the number of chronic "Problem Cases" does not appear to diminish to any appreciable extent.

Ex-service men suffering from old age and its attendant infirmities, nervous and mental disorders, also medical cases forbidden to work more than a limited number of hours per day are becoming more numerous and at the same time more difficult to place in productive industry each year. Owing to the peculiar nature of the various disabilities of these "Problem Cases", it is necessary, in order to obtain satisfactory results to separate them from the applicants for employment who do not require rehabilitation facilities, as

only by this method can the "Problem Case" receive the personal attention which each individual warrants. While it may be true that numerous applicants suffer from comparatively similar physical disabilities, yet owing to the varying degree of mental reaction, no two cases are entirely alike, and therefore each case of necessity, must be dealt with individually on its merits by the proposed Federal Rehabilitation Board in order to obtain the best possible results.

The adoption and proper administration of this plan would, in the first place, result in co-ordination of all existing governmental agencies authorized to deal with the various phases of re-establishment, and would make it possible to review and to make final disposition with respect to the unemployed "Problem Cases" referred to the Board for same.

In the case of a disabled ex-soldier upon his discharge from hospital, he would be referred to the nearest Handicap Department of the Employment Service for registration and classification, with a view to placement in productive industry commensurate with his disability at the earliest possible moment, in order to prevent demoralization. This would, of course, not be necessary in the case of those privileged to return to the positions in which they were engaged prior to admittance to hospital. The Handicap Department would deal with the applicants for employment, who did not require special rehabilitation facilities and would refer to the Rehabilitation Board those who may be classified as "Problem Cases", or in other words, those whose qualifications for suitable employment both from a physical and industrial standpoint, may be deemed insufficient under existing circumstances. The function of the Rehabilitation Board in determining the industrial ability of this class of the disabled man on his discharge from hospital should be of equal importance as that of the "Pension Board", who, by medical examination endeavour to ascertain the degree of pensionable disability prior to the applicant's return to everyday life.

The Rehabilitation Board would devote its energies entirely to "Problem Cases" referred for further classification and would make disposition of same according to the various Orders-in-Council which are in vogue and which make provision for a large number of "Problem Cases" who unfortunately are dependent upon relief measures for their existence at the present time.

The Board would have authority to refer to the Vetcraft Shops for sheltered employment applicants who were considered as (1) Unemployable, (2) Untrainable, (3) Where no further medical improvement could be effected according to the provisions contained in Order-in-Council P.C. 2328. Applicants following a long period of hospitalization could also in many cases be placed in Vetcraft Shops temporarily in order that their adaptability could be determined prior to final disposition being made by the Rehabilitation Board. Veteran cases upon regaining confidence in themselves could then be returned to the Handicap Department of the Employment Service of Canada for re-classification and placement in productive industry.

The Rehabilitation Board would be authorized to decide eligibility for vocational training on behalf of individual ex-service men recently discharged from Military hospitals after long periods of hospitalization, also those whose disabilities have, since returning to civil occupations, become aggravated to such an extent that they are now unable to follow the lines of endeavour to which they were accustomed. At the present time eligibility for vocational training is decided at Ottawa and it is obvious that more satisfactory results would be obtained if the decisions were made by the Rehabilitation Board, who would have personal contact with the applicant, as many failures among vocational students are no doubt due to lack of knowledge of the mental attitudes, temperaments, responsibilities and levels of ambition of the disabled men concerned, and which can only be correctly ascertained by personal observations.

Many disabled ex-service men who may be entitled to vocational training under the present departmental regulations may not be susceptible of same and would be more easily fitted into certain occupations, where only a limited amount of actual experience is necessary such as various forms of assembly work on radios sewing machines, phonographs, vacuum cleaners, telephones, small machines, etc., switchboard operating, elevator operating, machine tending and others of a semi-skilled nature; a short course of instruction in the actual operation of the work mentioned above, under conditions of employment would result in permanent employment replacing undesired idleness in the case of a large number of the war disabled who are at the present time unemployed.

The proposed Rehabilitation Board would decide eligibility with respect to the granting of short courses of instruction for selected applicants, the period of instruction being limited to a maximum of two months, the cost not to exceed the sum of \$100.00.

The establishing of a Federal Rehabilitation Board by the Dominion Government, consisting of three qualified ex-service men would at once co-ordinate the various agencies engaged in the re-establishment of the War disabled, and would make possible a review of the individual "Problem Cases" whose disabilities prevent successful issue in productive industry, and whose pensions are insufficient to provide an adequate livelihood according to Canadian standards, unnecessary duplication in the placing of handicapped ex-service men would be eliminated, and a correct estimate as to the actual conditions which exist would be made available at all times.

Disabled men who may be entitled to privileges under existing legislation pertaining to re-establishment would be dealt with on their individual merit, and special "Problem Cases" not provided for could be sympathetically referred by the Rehabilitation Board to the Minister of Soldiers' Civil Re-establishment for individual consideration.

CANADIAN PENSIONERS' ASSOCIATION

Federal Order in Council P.C. 2328

Recommendations:

(1) That the accommodation at the Veteraft Shops be enlarged and the facilities increased.

(2) Revision of present departmental policy with respect to eligibility for admission for Veteraft Shops.

(3) Employability of ex-service men on general labour market, without regard to amount of pension be deciding factor regarding eligibility for admission.

Remarks:

This Order in Council which was approved by His Excellency the Governor General on November 21st, 1919, acknowledges the urgent necessity for establishing a means to provide for "Problem Cases", and authorizes the Department of S.C.R. to expend the money necessary to make provision for the functionally, neurologically and mentally subnormal men who cannot be completely taken care of under existing regulations.

Veteraft Shops were established as a means to assist, to some extent, in meeting this situation, but departmental regulations stipulate that to become eligible for Veteraft Shops, an applicant must be;—

(a) Unemployable.

(b) Untrainable.

(c) No further medical improvement can be affected.

General interpretation of the intention of the Government when framing Order in Council P.C. 2328 was to provide sheltered employment for a class of applicants who, whilst below normal in various ways, were still employable and trainable along certain lines not requiring intense study or a high degree of

efficiency. A large number of men of this type are unfortunately excluded by the present regulations of the Department of S.C.R.

Were the regulations of the Vetract Shops amended so as to conform to the spirit of the Order in Council, many men could be admitted who might be expected to regain some degree of industrial efficiency, sufficient to enable them to return to more competitive employment. This would allow the proposed Rehabilitation Board of three to make final disposition with respect to "Problem Cases" who are both unemployable and untrainable.

CANADIAN PENSIONERS' ASSOCIATION

Federal Order in Council P.C. 1315

SHELTER AND MAINTENANCE FOR INDIGENT VETERANS

Recommendation:

That this Order in Council be amended so as to include acute "Problem Cases" who may be in receipt of less than 20 per cent disability on account of war disability or aggravation.

Remarks:

At the present time this Order in Council provides quarters and maintenance for indigent ex-service men who are in receipt of not less than 20 per cent nor more than 80 per cent pension for disability incurred during the late war. This legislation was devised to care for a number of disabled cases who, although only in receipt of 20 per cent pension or disabled to a far greater degree from other causes not attributable to service, such as;—Old age with its attendant infirmities and other conditions. Many of these cases are unemployable and in some instances without a home or visible means of support.

CANADIAN PENSIONERS' ASSOCIATION

Federal Order in Council P.C. 2944

CIVIL SERVICE PREFERENCE FOR DISABLED EX-SERVICE MEN

Recommendation:

That this legislation be continued as it has always been appreciated by ex-service men, and the benefits which derived therefrom would be advantageous to the ex-service men in general.

Remarks:

This Order in Council provides preference for ex-service men when certain vacancies occur in the Federal Civil Service, also a short period of training in order that they may become proficient in the work of the Departments in which the vacancies occur.

CANADIAN PENSIONERS' ASSOCIATION

Federal Order in Council P.C. 558

WORKMEN'S COMPENSATION

Recommendation:

At the present time this beneficial legislation requires to be renewed each year. It is greatly appreciated by the employers of labour, and it is therefore recommended that on account of the benefits derived therefrom, also the insignificant cost it entails, that this legislation be continued indefinitely.

Remarks:

This Order in Council provides protection for the employer against the possibility of added risk or liability under the Workmen's Compensation Acts of the various Provinces when employing partially disabled ex-service men who may be in receipt of 25 per cent pension or upwards, and has proved from

experience to be a great assistance to those engaged in securing employment for this class of ex-service man, making it impossible for an employer of labour to refuse employment to a disabled ex-service man on the grounds that he would be an added risk and therefore an increased liability to the firm.

CANADIAN PENSIONERS' ASSOCIATION

Employment Service of Canada

HANDICAP DEPARTMENTS

Recommendation:

That regulations be adopted, making it necessary for unemployed handicapped ex-service men to register in this Department prior to being dealt with by the proposed Federal Re-habilitation Board as regards admittance to Vetreft, Vocational Training, Civil Service Preference, Indigent Mens' Home, Short Courses of Instruction, Relief Facilities, and disposition by Federal Minister concerned with respect to "Problem Cases" not otherwise provided for under existing regulations.

Remarks:

This procedure would enable the Handicap Department to centralize its efforts in locating and placing into suitable employment those not entitled to rehabilitation facilities, also to select "Problem Cases" who may require special consideration in accordance with D.S.C.R. existing regulations, and refer them to proposed Rehabilitation Board for further classification and disposition.

Applicants approved by the Board for short instructional courses, to be referred back to the Handicap Department for final placement.

TUESDAY, March 6, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

H. COLEBOURNE called and sworn.

By the Chairman:

Q. Captain Colebourne, will you explain to the committee who you are representing, and then make such other remarks as you may wish.—A. Mr. Chairman and gentlemen, I am representing the Army and Navy Veterans in Canada. I am the Dominion Secretary-Treasurer. I would like to explain to you that the resolutions which I propose bringing up this morning were submitted to the Dominion Convention of our Association in Edmonton last September. These resolutions are forwarded to us by Mr. Sedger, the Soldier Advocate at Victoria. A special committee was appointed to consider them, consisting of General Griesbach, our President; Mr. Tupper of Winnipeg, and Captain E. Brown of Winnipeg. They found that they could not consider the resolutions as then submitted, because there were a lot of errors in quoting Acts and sections and subsections. It was then proposed to the convention that I get these resolutions in proper form from Mr. Sedger; that I submit them to the Soldier Advisers throughout the Dominion of Canada for their opinion; and that I finally submit them to my Board with the object of finally bringing them before the notice of this parliamentary committee. I have submitted these resolutions to the different soldier advisers throughout the country, and all are in accord with them. I have not heard from one or two of them, but we may take it, I think, that they approve of these resolutions.

Unfortunately, General Griesbach is not in Ottawa, and in justice to my Association, my President and myself, I think it only right that I should submit these resolutions as coming from the soldier advisers. I would submit that at a later date, if necessary, I might be permitted to appear before this Committee, or that my President, General Griesbach, may do so, to give any further information that is necessary.

In connection with the resolutions, I have a letter from Mr. Sedger giving an explanation of the various clauses. In addition to that, my Association had an invitation from Sir Percy Lake, President of the Canadian Legion, to meet the Canadian Legion in Ottawa at a round-table conference to consider the resolutions to be brought before this Committee. The invitation was sent to my President, General Griesbach, and he detailed me to perform that duty. I want to say, at this stage, that there is a very fine spirit of co-operation existing between ourselves and the Canadian Legion, although we are not amalgamated to that body. We, with other ex-service organizations, do our very utmost to get together, especially on matters concerning the ex-service men.

[Mr. H. Colebourne.]

So, Mr. Chairman and gentlemen, I will ask you to permit me, on this occasion, to submit these resolutions as they came from the soldier advisers. We have with us to-day Mr. Bowler, the soldier adviser of Winnipeg, and if he wishes to say anything, I am sure that you will be pleased to hear him.

I would like to say that I attended the meeting of the officers of the Canadian Legion last Saturday week. We found, on discussing these resolutions, that a number were already covered by their suggestions. I do not wish to take up your time unduly, and in those cases where we agree, or where they conform with the suggestions of the Canadian Legion, I will let you know. This is our first suggestion.

By the Chairman:

Q. Before you go any further, where does that appear in the Revised Statutes?—A. That is at page 3030, section 51, paragraph 2. (Reads):

Section fifteen (15) Chapter (49) of the Statutes of 1925, being a re-enactment of subsection one (1) of Section eleven (11) of Chapter sixty-two (62) of the Statutes of 1923 be amended by deleting the words "upon the evidence and record upon which the Board of Pension Commissioners gave their decision" in the first and second lines thereof and by adding at the end of said subsection the following: "the said appeal shall lie to the Federal Appeal Board in respect to any matter or decision wherein entitlement has not been conceded by the Board of Pension Commissioners and it shall be within the power of the Federal Appeal Board to reclassify, change, alter or otherwise modify the medical classification of the injury or disease causing the disability in respect of which the appeal is made. The appeal to the Federal Appeal Board shall be by way of rehearing and not by way of appeal."

In that connection, Mr. Sedger offers these remarks. (Reads):

However, to endeavor to comply with your request I would say that the first suggestion is one of great importance. You are no doubt very familiar with the reports of the Ralston Commission, and it was recognized that an independent tribunal be brought into affect to deal with the many types of cases that had come before the Commission. I think it quite right in stating that when the 1923 amendment was brought into effect it was first considered that there was a general appeal from all decisions of the Board of Pension Commissioners and thousands of cases were referred to the Federal Appeal Board, but it was found subsequently that many of these were not appealable cases. The Federal Appeal Board is strictly an appeal board and they do not proceed by way of re-hearing. The words used in the section, "Upon the evidence and record upon which the Board of Pension Commissioners give their decisions," to my mind greatly restricts the Appeal Board in its function. The Board of Pension Commissioners give a decision and the Federal Appeal Board must deal with that decision or a favorable judgment if so expressed otherwise will not be given affect to by the Board of Pension Commissioners.

I have on record in my files a case of a man who was suffering from chronic ulceration of the legs, for which he was pensioned, there is a definite history of a disabling condition in this respect, from the time he left the Forces until his death. It appears that the man died very suddenly without a medical practitioner being in attendance. A Coroner who viewed the remains and who was not acquainted with the deceased in his lifetime, gave the cause of death as being indigestion. Preponderance of evidence was offered showing that the ulceration was the cause of the death, but the Board of Pension Commissioners gave the diagnosis, death due to indigestion, and the Federal Appeal Board were satisfied that

[Mr. H. Colebourne.]

it was a well proven case, that there was a definite history of illness from the time he left the Forces, and owing to the fact by the 1924 amendment that they must set out the medical classification of the disease, this favorable decision given by the Federal Appeal Board was of no effect.

Again there has come to my knowledge several cases where there is a definite history of a condition of a respiratory nature. The man develops pneumonia in the final stages of his disease, and the death certificate reads, that death is due to pneumonia, complicated by whatever the other respiratory condition is. To give the widows relief in questions of this kind by a favorable decision by the Federal Appeal Board, they must necessarily show that the pneumonia is attributable to service per se. Again the Board of Pension Commissioners often bring in a decision that the condition complained of is congenital, and you will realize that it is impossible for the Federal Appeal Board to give an effective decision in this regard. It is submitted by the suggested amendment in this respect, that the Federal Appeal Board shall be empowered to deal with and give effect to any case in which entitlement has been refused by the Board of Pension Commissioners.

This Tribunal has the advantage of hearing the appellant personally and noting the manner in giving evidence and demeanor of the witnesses. It is submitted that in such cases as quoted above the Federal Appeal Board is quite competent to deal with these cases and to change the medical classification of the injury or disease if found necessary. The Federal Appeal Board should not be entirely restricted to the evidence and record upon which the Board of Pension Commissioners gave their decision but should be allowed to deal with a case (entitlement) by way of re-hearing. That is what he states in regard to No. 1.

By Sir Eugene Fiset:

Q. The main point you are making is that the assessment shall be placed in the hands of the Appeal Board, instead of the Board of Pension Commissioners?—A. It is involved inevitably.

Mr. McGIBBON: The main thing is that you want, by reclassifying, to make a non-pensionable case pensionable?

Sir EUGENE FISET: It goes farther than that.

The CHAIRMAN: Under the present Act, a member of the Board shall have the right to hear, but only upon the evidence and record upon which the Commission gave the decision. Under the amendment, they can hear an appeal on anything.

Mr. ILSLEY: They would have the same function as the Board of Pension Commissioners?

The CHAIRMAN: Exactly.

Sir EUGENE FISET: The main function, as far as money is concerned, would be the assessment. Not only will it deal with pensions that have not been granted by the Board of Pension Commissioners, but with any pensioner, who is not satisfied with the assessment by the Board of Pension Commissioners, may appeal to the Board of Appeal in order to have a new assessment. It would mean a review of practically every pension that has been granted, except the one hundred per cent ones.

Mr. ILSLEY: I suppose, if they could change the law, or otherwise modify the medical classification, they could simply make the assessment.

Mr. McGIBBON: Taking the case you gave us. The example of a man who had a gastric ulcer. He died, and it was classified as indigestion. The basis of the indigestion was really the gastric ulcer, which was a pensionable disease, while the indigestion was not?

[Mr. H. Colebourne.]

The CHAIRMAN: The Board of Pension Commissioners decided that he died of indigestion, whereas the Federal Appeal Board decided he died of gastric ulcer.

Mr. MCGIBBON: They decided that the gastric ulcer was there, and was continuously there, and if that was the cause, of course, it would be the basis of the indigestion.

The CHAIRMAN: That is to say, the two Boards gave different decisions.

Mr. MCGIBBON: I would say, as far as that is concerned, the regulation is in order. It was a wrong classification that prevented the dependents from getting the pension.

Mr. THORSON: As I understand the present system, if a soldier comes to the Board with an application for pension, he presents certain symptoms to the Board of Pension Commissioners. They diagnose that ailment as ailment No. A, we will say, and they say that ailment No. A is not attributable to war service. The case goes to the Federal Appeal Board and the Federal Appeal Board, under the present law, is restricted to finding whether ailment No. A is or is not attributable to war service. They are not permitted, for example, to diagnose the case as ailment No. B, and say that that is attributable to war service.

Mr. CLARK: Is that correct?

Mr. THORSON: Yes.

Mr. CLARK: In other words, they could not diagnose this case as a gastric ulcer?

Mr. THORSON: No, they could not have diagnosed this case as a case of gastric ulcer. They are confined to the diagnosis of indigestion, and the only point that is before them for decision is whether or not the indigestion was attributable to war service.

Mr. ILSLEY: Why could they not find that the ulcer was?

Mr. THORSON: They must accept the diagnosis, under the present rule.

Mr. CLARK: They would not be allowed to make a diagnosis of gastric ulcer.

Mr. THORSON: If the Federal Appeal Board were to diagnose this case as a case of gastric ulcer resulting from war service, the Board of Pension Commissioners would immediately submit that to the Justice Department, and the Justice Department would rule that the Federal Appeal Board had exceeded its jurisdiction, on the ground that the only point for the Federal Appeal Board to determine was whether or not the indigestion was attributable to war service.

The WITNESS: That is what they did find.

Mr. MCGIBBON: It is the same old question.

The WITNESS: May I just read this again?

Preponderance of evidence was offered showing that the ulceration was the cause of the death, but the Board of Pension Commissioners gave the diagnosis, death due to indigestion, and the Federal Appeal Board were satisfied that it was a well proven case, that there was a definite history of illness from the time he left the forces, and owing to the fact by the 1924 amendment, that they must set out the medical classification of the disease, this favourable decision given by the Federal Appeal Board, was of no effect.

Mr. ILSLEY: Why did they not find that the indigestion was due to war service, which it was, by way of the gastric ulcer?

Mr. McLEAN (Melfort): They can only listen to the evidence on record on which the Commission has already based its decision.

Mr. THORSON: The Federal Appeal Board is bound by the diagnosis of the ailment made by the Board of Pension Commissioners. If they are satisfied,

[Mr. H. Colebourne.]

from all the evidence that is before them, that the ailment is something different, they are not allowed to so find.

Sir EUGENE Fiset: May I suggest that is a question of diagnosis. It is not really the classification, it is the diagnosis that is wrong, and that is wrongly interpreted by the Board of Pension Commissioners.

Mr. THORSON: And it is not open to the Federal Appeal Board to change it.

Sir EUGENE Fiset: That is quite a different thing from the assessment.

The CHAIRMAN: We will ask Mr. Bowler if he can give us any light on this.

Sir EUGENE Fiset: I am not throwing any obstacle in the way; I am simply calling attention to this situation.

The CHAIRMAN: We will ask Mr. Bowler if he has any information on this point.

Mr. BOWLER: I think the resolution submitted by Mr. Colebourne is, generally speaking, in line with recommendation No. 30, submitted by the Canadian Legion. This has not yet been dealt with. I think that Mr. Colebourne's resolution, as the Legion's does, asks for the ground of appeal to be made available on the same basis as recommended by the Ralston Commission in 1923. That is, against any decision of the Board of Pension Commissioners or the D.S.C.R.

Mr. CLARK: In other words, you say that the doctors of the Pension Board could render a decision of the Appeal Board of effect?

Mr. BOWLER: They are doing that.

Mr. CLARK: Have you any idea of the number of cases where an appeal has been allowed and no additional pension granted, by reason of this?

Mr. BOWLER: On the question of conflicting diagnosis, I think there are eight altogether, where a favourable judgment has been rendered to the appellant and the Board of Pension Commissioners, on the advice of the Department of Justice, have refused to give effect to the judgment.

Mr. McGIBBON: Is it not a fact that you have conflict between the Board of Pension Commissioners and the Appeal Board, more or less continuously?

Mr. BOWLER: On the question of diagnosis?

Mr. McGIBBON: Yes.

Mr. BOWLER: Yes, it frequently arises.

Mr. McGIBBON: I think the whole trouble is that there is no competent board of diagnosticians, I do not know on what basis it is based, but it seems to me, in all the cases I have heard, that it centres around that fact, and the Appeal Board is helpless.

The CHAIRMAN: Mr. Scammell has just called my attention to the fact that on page 13, paragraph 6, of the suggested amendments of the department, the following provision is made:

Every decision of the Board allowing an appeal shall be final unless,

- (a) The medical classification of the injury or disease upon which the allowance was based is different from that upon which the Commission based its decision, and;
- (b) the Commission, within three months after the coming into force of this section, or within three months after the decision of the Board, returns the case for further consideration by the latter, with such representations as the Commission may consider material, and if, on such further consideration, the Board affirms its former decision, the same shall be accepted and acted upon by the Commission.

[Mr. H. Colebourne.]

That is to say, if there is a difference in diagnosis, and the Board, after having sent it back to the Commission, reiterates its decision that it is a different diagnosis, and that the death, we will say, is attributable to service, then, after three months, the award becomes effective. I am told that this was to cover the particular case cited by Mr. Colebourne.

Mr. BOWLER: May I say that from the point of view of the Legion, and the point of view of the appellants, these disputes as to diagnoses, which result in cases being won and at the same time not won, are most unfortunate. Something should be done to straighten out that tangle. We do not think that it is our function to decide how it should be done, because that is really a matter of administration. What we take particular objection to is any procedure whereby an appeal may be reopened after it has once been allowed, and the appellant has been so notified. The appellants are allowed to believe that they have a right to believe that under the Statute, as it stands, the appeal is final, and that if they succeed an award will be made. From the point of view of the appellant, and the general public, the present procedure of refusing to give a judgment, or the permission of new procedure which would allow the judgment to be reopened, when once favourably given, is exceedingly demoralizing upon the appellants and upon the public generally. It has a tendency to weaken their faith in authorized government, and in our judicial establishments. We think that if there has to be a dispute on the question of diagnosis, then that dispute should be settled prior to the issuing of a judgment to the appellant. We are not particularly concerned as to how it is done—that is a matter for administration—but the unfortunate effect of even one case that has been established by the Federal Appeal Board and is not carried out, is that it creates a most unfortunate public impression.

Mr. MCGIBBON: What machinery would you set up to change that?

Mr. MCPHERSON: If the Board of Pension Commissioners rule on a diagnosis, and it is appealed through the Appeal Board, and the Appeal Board changes it, then you would say that that decision should be absolutely final? But this suggestion of an amendment, goes a little farther, and gives the Board of Pension Commissioners three months in which to upset that appeal, by having a re-hearing.

Mr. BOWLER: Yes, after the decision has been granted. That is where we take objection. We think that if there is any question of jurisdiction on the matter of diagnosis, the objection should be taken at the time of the hearing, if that is possible.

Mr. MCPHERSON: I take it, Mr. Bowler, that that objection is taken at the time of the hearing.

Mr. BOWLER: No, sir, never.

The CHAIRMAN: Am I right in saying that the Pension Board absolutely ignores the Federal Appeal Board, so far as making representation?

Mr. BOWLER: Yes, they do, and the representations are never made until after the judgment is out and in the hands of the appellant.

Mr. MCPHERSON: Your idea is that the Board of Pension Commissioners shall make their representations at the hearing of the appeal, and then, when the decision is given, it would be final?

Mr. BOWLER: That would be all right.

Mr. THORSON: Or where there has been a dispute as to diagnosis, the Federal Appeal Board should not hand down its judgment until the question of diagnosis has been settled by a consultation between the two Boards?

Mr. BOWLER: That is our point.

[Mr. H. Colebourne.]

Mr. McPHERSON: That could only be done by the Board of Pension Commissioners making out their case before the judgment.

Mr. BOWLER: The difficulty comes in here, Mr. McPherson. The Pension Board will tell you that they cannot state what the diagnosis of the Appeal Board is going to be, until after they have got their decision.

Sir EUGENE Fiset: The long and short of it is the perfect harmony that does not exist between the Board of Appeal and the Board of Pension Commissioners. The one does not recognize the other at the present time; they are not working in harmony. Therefore, the poor man who applies for his pension is left in the lurch. That is what we have to correct.

Mr. BOWLER: The appellant is the victim.

Mr. McGIBBON: Supposing the Board of Pension Commissioners gives one diagnosis, and the Appeal Board gives another, who is going to settle it?

Mr. CLARK: The poor pensioner has got to wait six months while they fight back and forth.

The CHAIRMAN: Under this, the Federal Appeal Board has the final decision, but you have to wait six months.

Mr. CLARK: I am not clear at all about your answer. Am I right in this: you want the decision of the Federal Appeal Board to be final?

Mr. BOWLER: That is excepting, of course, the provision regarding the production of new and material evidence by the Board. We do not want to disturb that.

Mr. CLARK: That is, you want a provision made for a new hearing altogether, if there is new evidence?

Mr. BOWLER: That provision is there at the present time.

Mr. CLARK: I mean in an appeal from the award of the Board of Pension Commissioners; as between the two adjudicating bodies, you want the decision of the Appeal Board to be final?

Mr. BOWLER: Yes, sir.

Mr. CLARK: And if that decision has been given, you do not want that to be passed back and forth, new arguments given, and new decisions made possible after three months?

Mr. BOWLER: No, sir.

Mr. CLARK: In other words, if the Pension Board have any objection to a decision by the Board of Appeal, you want them to appear at the hearing of the appeal and make their objections then?

Mr. BOWLER: Yes, sir. I think they should.

Mr. CLARK: If that appeal is being heard away from Ottawa, then you would like the objections on the question of diagnosis made by the Board of Pension Commissioners placed in the hands of the Board of Appeal before they hear the appeal?

Mr. BOWLER: Yes, sir.

Mr. CLARK: I must say that I am in full agreement with it, but I do not think the amendment will cover your point at all.

Mr. McPHERSON: It will, if you leave off the three months.

Mr. MacLAREN: What objection is there to an appeal being allowed on the question of diagnosis?

Mr. McGIBBON: It all hinges on that.

Mr. MacLAREN: I would like to hear a little discussion on that point.

The CHAIRMAN: When the Pension Board representatives come before us, I am quite sure that they will be able to give us their version of that.

[Mr. H. Colebourne.]

Mr. MACLAREN: I would like to have it from the witness's standpoint.

The CHAIRMAN: Do you know what objections have been made?

Mr. BOWLER: By the Board of Pension Commissioners, do you mean?

The CHAIRMAN: Yes.

Mr. BOWLER: The Board of Pension Commissioners are not in favour of it. I cannot say exactly why. From our point of view, we would like to have the right to appeal on the question of diagnosis.

Mr. MCGIBBON: Unless you get a change in diagnosis, you cannot get any classification.

Mr. BOWLER: May I cite a case that I have personal knowledge of at the present time? A man applied for pension. He had defective vision, and it was diagnosed by the Board of Pension Commissioners as an error in refraction. I think it was supposed to be congenital, related to service. He appealed, and the Appeal Board decided that his defective vision was due to some form of atrophy of the eye, which, in their opinion, was related to service. They, therefore, allowed the appeal. The Board of Pension Commissioners refused to give effect to the judgment, because they said the Appeal Board had changed the diagnosis, and that their decision was *ultra vires*. Now, in a case like that, it would help us a great deal if we had the right of appeal to a superior tribunal to ascertain whether the correct diagnosis was an error in refraction, or the atrophied condition of the eye.

Mr. THORSON: What objection has the Board of Pension Commissioners to such jurisdiction being conferred upon the Federal Appeal Board?

Mr. MCPHERSON: It takes away their authority.

Mr. MCGIBBON: There is more than that; there is the professional standing of the medical officers of these two boards. Neither one will admit it is inferior to the other. I think the solution of this case must ultimately be that they will be decided by a board of specialists, because we have no specialists on either board, and one is just as liable to be right as the other.

Mr. CLARK: I think that same argument will apply to our courts of law. The inferior court does not consider itself inferior in mental calibre to the Superior Court, but by law it may be inferior, and the judgment of the appeal court prevails, regardless of the "diagnosis" of the inferior court.

The CHAIRMAN: But attached to each court there are experts, and the General (Mr. Clark) knows very well what experts are.

Mr. SPEAKMAN: I have always been at a loss to understand why an appeal board should exist, unless it has power. The very nature of the appeal board, in my opinion, gives them power to hear and adjudicate upon appeals.

Mr. MACLAREN: This is only one half of an appeal.

Sir EUGENE Fiset: The department considers there is something lacking, something defective in the present system because they are recommending to you at the present time the formation of a third board.

The CHAIRMAN: I think we thoroughly understand this now; let us go on to the next.

Mr. SPEAKMAN: There was one point brought up by Sir Eugene Fiset, and I think concurred in by the witness, wherein he stated that in his opinion this threw the door wide open for matters of assessment as well as entitlement.

Mr. THORSON: I think in discussing the jurisdiction of the Federal Appeal Board we ought to keep separate in our discussion three points; first of all the question of entitlement; secondly, the question of assessment; and thirdly, the question of appeals in those cases involving the exercise of discretion, in which at the present time there is no appeal. I think we should try to keep those three classes of jurisdiction separate.

[Mr. H. Colebourne.]

Mr. BOWLER: May I say in reference to the judgments of the Appeal Board which are not given effect to by the Board of Pension Commissioners, that they do not always turn on the question of diagnosis; they may turn on other things. I know of one case in particular which I eventually had settled, but only after a considerable time, and after the man was so ill that he never received the benefits of his award. That was a case where a man claimed that tuberculosis was a condition related to service. The Pension Board decided it was due to misconduct, the man being absent from vocational training for a period of a few days around Christmas time when it was shown that the appellant had been on a "party" or something of that sort. We appealed that case and got a judgment from the appeal board that tuberculosis was related to service. The Board of Pension Commissioners refused to give effect to it on the grounds that the condition resulted from misconduct. That was one case. There are other cases where the appeal board ruled there was aggravation during service, and where the Board of Pension Commissioners felt they had to accept that ruling, but they said that aggravation was negligible, and there was no pensionability in any event.

Mr. CLARK: Does this amendment cover all of these?

Mr. THORSON: It is only the Board of Pension Commissioners who have the power to assess.

Mr. BOWLER: That is true. We find generally that the classes which are not now able to appeal are persons complaining in regard to assessment, which will include retroactivation, people whose pensions have been refused on the ground that their disability is due to misconduct, the claims of widows whose pensions may be discontinued or cancelled on the grounds of alleged improper conduct.

The CHAIRMAN: Right there, Mr. Bowler: have you many of those?

Mr. BOWLER: I think there are quite a few. There was one very outstanding case in Winnipeg. I can not tell you just what the number is. I understand the Federal Appeal Board have a record of 217 applications for appeal, but where there is no jurisdiction, and where the Board's ruling is that it is due to misconduct.

Sir EUGENE Fiset: That confirms exactly what I say, that the award classification there includes assessment.

Mr. BOWLER: I think the resolution of the Army and Navy Veterans and our own generally asks for the right of appeal in all those cases, and in addition to those I mentioned there are classes of dependent parents and children—which would be the cases of discretion to which Mr. Thorson has referred—widowed mothers, and also the question of diagnosis. In connection with that, perhaps it should go on record that in the Legion's work we find that we have approximately three complaints on non-appealable grounds for every complaint we receive which can be appealed. That applies in Manitoba, and upon inquiry from the Dominion officers of the Legion here I find that the same condition, roughly, prevails. They say in the Dominion Command office that certainly not more than 33 per cent of their cases are appealable, under the legislation as it stands to-day.

Mr. McGIBBON: I wonder if the Board of Pension Commissioners have ever consulted with the Appeal Board in regard to these recommendations.

The CHAIRMAN: We can ask the gentlemen when they come here. We will have a representative of the Appeal Board here as a witness, and also a representative of the Pensions Board.

Mr. McGIBBON: I think the General's (Sir Eugene Fiset) point is well taken. It seem to me the effect of that limitation would only be that you are going to

[Mr. H. Colebourne.]

make the Board of Pension Commissioners a medium or a body to gather evidence to fight the pensions, and this would be very undesirable. If I were on the Board of Pension Commissioners, I would disregard that.

Sir EUGENE Fiset: We might have some means of bringing them both together and giving them a special case to deal with.

Mr. McGIBBON: It is a very undesirable position to put them in.

The CHAIRMAN: We know what is meant by that suggestion now. Let us move on to the next.

Mr. COLEBOURNE: This refers to the Consolidated Act, page 3018, section 25, paragraphs 4, 5, and 6.

Section twenty-six (26) of the Act as amended by chapter 62 of the Statutes 1920, and further amended by section six (6), chapter forty-nine (49) of the Statutes of 1925, is further amended by striking out all the words of said section after the word "secured" in the twenty-third line thereof to the end of paragraph 3 (a) thereof.

In that connection Mr. Sedger has this to say:

With regard to section two of the suggested amendments I do not think that this needs any explanation. If a man wishes to commute his pension now, all his back pension must be recovered. This would mean a man would not get any pension at all but there might even arise the possibility that he would be indebted to the Board of Pension Commissioners. I might be wrong in interpreting this section.

In that connection, Mr. Chairman and gentlemen, I think this is covered by No. 16 of the Legion's suggestions. We have discussed this matter together.

The CHAIRMAN: Next.

Mr. COLEBOURNE: This refers to Consolidated Act, page 3012, section 12, paragraph (c):

Section twelve (12) of said Act as re-enacted by section two (2), chapter forty-nine (49) of the Statutes of 1926 be amended by deleting the words "at the time of discharge" in the third and fourth lines thereof and by substituting the words "within two years from the date of discharge" and by striking out all the words after the word "war" in the fifth line thereof and by adding thereto the following, "that in the case of venereal disease contracted prior to enlistment and aggravated during service pension shall be awarded for the degree of aggravation of such condition which has become manifest within two years from the date of his discharge where the member of the forces served in an actual theatre of war."

I think that is covered by No. 7 of the Legion's suggestions.

The CHAIRMAN: You do not go quite that far?

Mr. COLEBOURNE: No.

Sir EUGENE Fiset: It would be very desirable that a sub-committee dealing with the recommendations of the Legion and of the Army and Navy Veterans would have these two submissions placed side by side.

The CHAIRMAN: What is the difference between the suggestion of the Legion and your suggestion?

Mr. COLEBOURNE: "Manifested within two years."

Mr. BOWLER: If there is any disability existing at the time of discharge, and the pension is paid for the entire amount of the disability, that pension rate remains unchanged for the rest of the man's life. This goes farther in this respect, that they say, in effect, that if the disability comes to light within two years it shall be pensionable.

[Mr. H. Colebourne.]

Sir EUGENE Fiset: But venereal diseases are easily contracted within two years.

The CHAIRMAN: We will move on to the next paragraph.

Mr. COLEBOURNE: This is in reference to the Consolidated Act, page 3013, sub-paragraph 1 of paragraph (e) of section 12:

4. Section thirteen (13) as re-enacted by section two (2), chapter sixty (60) of the Statutes of 1924, be amended by adding to sub-paragraph one (1) of paragraph (e) thereof the following, "where the Federal Appeal Board have found that the injury or disease was incurred on service, it shall be considered that application for pension was duly made for such injury or disease on service."

Sir EUGENE Fiset: There again is another clause in your submission.

Mr. COLEBOURNE: Mr. Sedger, in that connection states:

Suggestion four. This suggestion would need no further mention except to state that it is in consonance with other sections of the Act. Many men have unfortunately have not had their disabilities recorded overseas. They have been put to a disadvantage in this respect. In the immediate post discharge period they have incurred considerable expense, to say nothing of the loss of income, and I think that there is merit in saying that successful appeal—

The CHAIRMAN: That has been dealt with by both the Legion and the department.

Mr. COLEBOURNE: That will be covered by suggestions 2 and 8 of the Canadian Legion's program.

5. Section thirty-three (33), sub-paragraph one (1), chapter forty-three (43), 1919, to be amended by adding thereto the following, "Provided that no widow shall be refused pension where it can be shown that there was a contract or an intention to marry before the appearance of the injury or disease, and that there is no reasonable presumption that she should have known that his injury or disease was of a serious nature and where the injury or disease was not obvious or was not of a nature to cause rejection from military service as being medically unfit."

I think that will be covered by suggestion 22 of the Canadian Legion's program.

Mr. THORSON: There is just a difference in language.

Mr. COLEBOURNE: That is all.

The CHAIRMAN: Next.

Mr. COLEBOURNE:

6. Section forty-six (46) of the Act as amended by Statute of 1920 be further amended by striking out the word "and" in the first line thereof and substituting the word "or", adding at the end of said section "all privileges and advantages accruing to a Canadian pensioner, shall accrue to and be given to pre-war resident pensioners who served and were disabled in any of the Allied Forces."

The CHAIRMAN: Will you explain that case a little farther?

Mr. COLEBOURNE: Mr. Sedger has this to say about that:

As regards to suggestion 6, I admit that at least one has come to my knowledge of an officer who cannot comply with the requirements of this particular section. He happened to be on a business trip to England, when war broke out, and having had prior military service, entered military service in England. His difficulty is that he was not residing

[Mr. H. Colebourne.]

in Canada on the 4th August, 1914. This same condition might comply to any particular case where the man was temporarily absent from Canada on the day of the declaration of war.

That I understand will be agreeable to the Canadian Legion.

The CHAIRMAN: But the rest of it, "Where pensioners who served or were disabled with any of the allied forces"—that considerably enlarges the present Act which referred only to this—

Mr. COLEBOURNE: It refers to the allied forces.

The CHAIRMAN: Captain Colebourne's suggestion would be covered, as he quite properly states, by substituting the word "or", to read "residence or domicile". We say he must have both qualifications, under the Act as it is at the present time. I do not know just why. There is a real distinction, but I do not know why they insisted upon it in this act. The man mentioned by Captain Colebourne was undoubtedly domiciled in Canada, but a resident at the beginning of the war in England.

Mr. McLEAN (Melfort): Why not cut out the two words "and resident" leaving the word "domicile"?

Mr. THORSON: No, they want to cover the case of residents where the men are not domiciled.

Mr. McGIBBON: How many will be included in that?

Mr. COLEBOURNE: We have no information on that point.

Mr. SCAMMELL: The case quoted by Captain Colebourne must be an exceptional one, because a man who was temporarily absent from Canada on the 4th of August, 1914, but had a residence here, comes under the option of the British Minister of Pensions.

The CHAIRMAN: The Act gives both qualifications.

Mr. SCAMMELL: I know, but the Minister of Pensions regards a man who was domiciled, but temporarily absent on a holiday, for instance, as being a resident or being domiciled here. There must be something very special about this case to bar him.

Mr. BOWLER: There is a legal interpretation of the word "domicile" which requires residence for a certain number of years.

The CHAIRMAN: No; the intention is sufficient in some cases.

Mr. McGIBBON: It says "disabled in any of the allied forces." This is an awful question, Mr. Chairman.

The CHAIRMAN: As it is now, in the case of the disability of a man who served in the forces of one of the Dominions or of Great Britain, he may have his pension adjusted to bring it up to the Canadian scale, if he was a pre-war resident. In the case of a man who served in one of the allied forces, and who dies—his widow shall obtain a pension if she lives here. This would bring in the question of the disabled pensioners, under our Act.

Mr. BARROW: May I make a statement in regard to that? In the second part of the Army and Navy's recommendation—that is the part dealing with domicile and residence—that is added to section 45, and would therefore be contingent upon, I think, eligibility under section 45, which requires that a person with the rank of warrant officer or higher rank who was domiciled or resident in Canada during the war had been awarded a smaller pension than he would be entitled to. In the case of a man whose pension was cancelled by a foreign government there would be no award. There is quite a distinction between a "nil award" and "no award". If it were intended to make the amendment operate for the benefit of such men who took out naturalization papers in Canada after the war, and had his award of pension cancelled, it would be necessary to make clear in the first part of the section that besides having been awarded the smaller pension, it was subsequently cancelled by the foreign government.

[Mr. H. Colebourne.]

Mr. McLEAN (Melfort): Before we leave that suggestion, what was the idea of confining it only to warrant officers or officers with higher rank?

Mr. BOWLER: I understand that other ranks were taken care of by some agreement.

Mr. SCAMMELL: There is an agreement between the Department of Soldiers' Civil Re-establishment and the Minister of Pensions by which those of lower rank are taken care of by the Minister of Pensions of England.

The CHAIRMAN: The next suggestion.

Mr. COLEBOURNE: This has reference to page 3023 of the Consolidated Act, section 32, paragraph 5:

7. Section thirty-three (33) subsection (5) of Chapter forty-three (43) 1919, be amended by adding thereto " provided always that a pension shall not be withheld from a widow when her husband has left her without cause in a dependent condition either before or after his military service and whether or not an action for a divorce, legal separation, or alimony or alimentary allowance has been taken."

On this point, Mr. Sedger has the following to say:

As to suggestion 7, I think I am quite right in stating that there are times when a widow is placed at a disadvantage. There are cases when the husband left her without cause, and without going into the law on this subject at any length, I think it is right in stating that according to the law of Canada the question of domicile is paramount. If a husband deserts his wife in British Columbia he may acquire a domicile in some other Province or in some other State, and the wife is bound to bring proceedings in the State or Province where the husband has acquired his new domicile. Also the wife at the time may not know the whereabouts of her husband, and I submit that if she subsequently learns that her husband has died due to service and can show that she is in a dependent condition, pension should not be withheld from her.

By the Chairman:

Q. You have a case on that?—A. No, that is all I have.

By Mr. McPherson:

Q. That would cover the case where a man had deserted his wife without cause, and had not been supporting her, we will say, for some years previous to the war, and he enlists and dies of war service?—A. That would cover it.

Q. She would be entitled, although she had not received support during his lifetime?—A. That is right.

By Mr. McGibbon:

Q. During her lifetime can she get a part of that pension?—A. No.

By Mr. Thorson:

Q. The Board of Pension Commissioners may refuse to award it?—A. This makes it definite.

By Mr. McGibbon:

Q. They may divide it. I know of women who are getting it.—A. Yes, that is so.

By Sir Eugene Fiset:

Q. The criterion by which the D.S.C.R. is governed, is the separation allowance. If separation allowance was paid during the man's service, she is entitled to support, but if she was not receiving separation allowance, she is not entitled

[Mr. H. Colebourne.]

to it?—A. That is according to the regulations. I understand, Mr. Chairman and gentlemen, that that would be satisfactory to the Canadian Legion. They support this suggestion.

By Mr. Thorson:

Q. You want to limit the discretion of the Board of Pension Commissioners?

—A. That is it, sir.

The CHAIRMAN: The next suggestion is No. 8.

The WITNESS: This will be found on page 3030 of the Revised Statutes, section 51, paragraph 1. (Reads):

8. Sub-section one of section eleven (11) of Chapter sixty-two of the Statutes of 1923 as reenacted by section fifteen (15) Chapter forty-nine (49) of the Statutes of 1925 be amended by adding a subsection thereto as follows: "An appeal shall lie in respect to any decision by the Board of Pension Commissioners in refusing pension on the grounds that the injury or disease complained of is negligible or that the service aggravation of the injury or disease is negligible or has ceased." "And the Federal Appeal Board shall be empowered to sit as an Assessment Appeal Board in so far as any refusal to pension is given by the Board of Pension Commissioners in such cases."

Mr. Sedger has this to say covering this point. (Reads):

As regards suggestion 8 of the suggestions, I know that there has been considerable difficulty in this regard. Here again the functions of the Federal Appeal Board are greatly restricted. The Board of Pension Commissioners may see fit to give a decision that there is no pension payable on the grounds that the disability is negligible or that service aggravation of a disability has ceased. On many occasions this does not agree with private medical reports furnished. These are cases which are considered from the assessment point of view and as such by the present constitution of the Act the Federal Appeal Board cannot interfere. It is submitted that an appellant in cases such as these be allowed to submit the matter to an independent tribunal.

I understand, Mr. Chairman and gentlemen, that that will be covered by No. 30.

Mr. BOWLER: That covers the case where you might succeed in an appeal, and get a judgment that there was aggravation in service, and the Pension Board might rule that the aggravation was negligible, in which event no award would be made. The Pension Board have since stated that they have changed their policy in that respect, and that they no longer make any rulings to the effect that aggravation is negligible. They either say there was aggravation, or there was no aggravation. I think that is the practice now. But the fact still remains that they can assess the aggravation at a very small rate. They may assess it at five per cent, and give you an award of \$25 to cover the aggravation. That would be the ultimate result of succeeding in the appeal, for there is no further appeal on the question of assessment.

Mr. THORSON: You think there should be an appeal on the assessment in cases of that sort?

Mr. BOWLER: I do, yes.

Mr. McPHERSON: Would this not make appeals on assessment unanimous?

Mr. BOWLER: That is the recommendation. Without departing from the recommendation, I think that where the Federal Appeal Board have granted a decision, they should have something to do with the assessment.

Mr. McPHERSON: That is what it means, the Federal Appeal Board would be a board of appeal on assessments also?

[Mr. H. Colebourne.]

Mr. BOWLER: Yes.

Mr. THORSON: In any of these cases where they found aggravation?

Mr. BOWLER: I am not restricting the recommendation to that.

Mr. ARTHURS: I think that is reasonable.

Mr. ILSLEY: If you set up a board that has the same functions precisely, and which may overrule it, and hear new evidence, you have two bodies with precisely the same functions. You do not have that very often in the law courts.

Mr. THORSON: We have it in our courts.

Mr. ILSLEY: Not very often. When they do, they take the finding of facts of the lower court, almost always.

Mr. THORSON: Not always. Our courts do not.

Mr. BOWLER: The Ralston Commission went into that very thoroughly. Perhaps I might put on record what they say in that regard?

Sir EUGENE Fiset: That was considered when the submissions of the Legion was before us.

Mr. THORSON: This submission of the Legion has not been before us.

Mr. ILSLEY: Why should he not make his application, in the first instance, to the final court?

Mr. BOWLER: The Ralston Commission in the First Interim Report of the Second Part of Investigation, April, 1923, said as follows:—

The Commission is convinced, as the result of the examination of individual type cases presented both during the First Part of the Investigation, as well as during the Second Part, that there is necessity for the constitution of an effective tribunal or tribunals outside the D.S.C.R., or the Pensions Board, by which individual cases can be reconsidered.

They go on again on page 12. (Reads):

Pension Procedure and Appeals

To those familiar with judicial systems, it will seem somewhat striking that the Pension Act, 9-10 George V, Chapter 43, particularly Section 7, vests in a body, consisting of three commissioners at Ottawa, the sole, original and final jurisdiction to determine the rights of applicants for pension for the whole of Canada.

The CHAIRMAN: What is the next suggestion?

The WITNESS: Suggestions Nos. 9 and 10 have been discussed with the Canadian Legion and we propose to drop them. Then, we come to the last one. This will be found on page 3015, section 21, of the Revised Statutes. (Reads):

That paragraph (1) of Section 22, inserted by 14-15 George the V, Chapter 60, should be replaced by the following:

22. Any member of the forces or any dependent of a member of the forces, or any dependent of a deceased member of the forces, whose case in the opinion of a majority of the members of the Board of Pension Commissioners for Canada and the members of the Federal Appeal Board, sitting and acting jointly, appears to be specially meritorious, may be made the subject of an investigation and adjudication by way of compassionate pension or allowance, with the assent of the Governor in Council.

By Mr. Clark:

Q. Is that not the same thing that was passed by the House of Commons and amended by the Senate?—A. Exactly.

Mr. McPHERSON: Did the Legion not suggest that they would prefer not to have them sitting jointly, but that they should sit separately?

Mr. BOWLER: No, sir. Our contention was that the meritorious clause should be considered by one board, and the majority of the members of that board shall govern the decision. Colonel Lafleche suggested, as an alternative, that there should be the right of appeal from the Board of Pension Commissioners to the Federal Appeal Board, on meritorious cases.

Mr. MCGIBBON: You want to make the two boards one?

Mr. BOWLER: We are not trying to lay down the machinery whereby it should be done. We object to the principle of the minority of one board being able to over-ride the majority of the two boards combined, which can happen at the present time.

Mr. THORSON: We really have three suggestions, as to changes to be made in the meritorious clause. This is one suggested by the department, and the alternative suggested by Colonel Lafleche?

The CHAIRMAN: Three suggestions with regard to the machinery. Captain Colebourne has another memorandum to submit to us.

The WITNESS: The resolutions submitted here are those of the Army and Navy Veterans, at their Edmonton convention. These are the complete resolutions, but I realize that some of the points will not be considered by this Committee.

The CHAIRMAN: I do not think that we can consider the question of territories taken from Germany, or the international development of the St. Lawrence river.

The WITNESS: I would like to have these resolutions embodied in the proceedings.

Mr. McPHERSON: I doubt if we have any authority.

The WITNESS: Perhaps, we had better go to No. 3. (Reads):

3. Chairman, Soldiers' Settlement Board (Edmonton Unit)

Resolved that this Convention notes with regret the resignation of Major John Barnett, chairman of the Soldiers' Settlement Board. This Convention further expresses the opinion that the vacancy so created ought to be filled by the Dominion Government without undue delay. This Convention is further of the opinion that the new chairman should be an ex-member of the forces whose record as a soldier and character as a citizen is above reproach and that he should be free from the taint of political partizanship either in the nature of his appointment or in the performance of his duties.

Mr. Chairman and gentlemen: this resolution was passed prior to the appointment of the present gentleman in charge.

The CHAIRMAN: I do not think this comes within our jurisdiction, either.

The WITNESS: I might say that Colonel Rattray has been appointed to this position, and it meets with the favour of our Association. The next is No. 4. (Reads):

4. Dispensing with Medical Board in Connection with Hospitalization (Edmonton)

Resolved, that whereas under existing legislation governing the Department of Soldier's Civil Re-establishment, a Medical Board has been appointed in the Capital City, Ottawa, and is functioning, a portion of the duties of same being to decide on the eligibility of ex-service men to hospitalization and treatment.

And whereas the decision of this Board can only be revoked by the Travelling Appeal Board, a Board which by its constitution can only hold sessions in any district two or three times in the course of twelve months.

[Mr. H. Colebourne.]

And whereas, as a result of same, all ex-service men requiring hospitalization, and whose claim for same under the Department of Soldiers' Civil Re-establishment has been disallowed by the Medical Board before mentioned, may suffer considerable distress before his appeal can be brought before the Appeal Board.

And whereas recommendations and decisions of local doctors of the Department of Civil Re-establishment, who have the same facilities of examining an applicant's file as to previous medical history with the added advantage of a personal medical examination of the applicant, are frequently ignored and reversed by the Medical Board.

Therefore be it resolved that we, the Army and Navy Veterans in Canada, in this our Tenth Annual Dominion Convention assembled, do urge on the Federal Government to enact new legislation governing the Department of Soldiers' Civil Re-establishment to dispense with the Medical Board, in so far as their duties in determining the eligibility of ex-service men for hospitalization and treatment is concerned, and to correspondingly increase the powers of local doctors of the Department in the matter of their reviews and recommendations.

I would like to read part of the report of the proceedings, dealing with this resolution.

The CHAIRMAN: I think the Committee understand the tenor of the resolution.

Mr. CLARK: We discussed it very fully.

The WITNESS: The next is No. 5. (Reads):

5. Old Age Pension Act, 1927

Resolved, the Army and Navy Veterans' Association in Dominion Convention assembled, humbly suggest to the Government of Canada that at the next Session of the Parliament of Canada the "Old Age Pension Act, 1927," be amended so as to provide that in calculating the income of an applicant for an old age pension under Section 8, Sub-section (f) of the said Act no account shall be taken of any pension for war service that the applicant may be receiving.

I submit, Mr. Chairman, that this is very important.

By Mr. McLean (Melfort):

Q. No limitation has been placed on the amount of pension received?—

A. Oh, no, just the question of pension.

By Mr. McPherson:

Q. That would really affect the dependents, would it not?—A. Yes, it would affect the dependents.

Mr. McPHERSON: But a dependent would have to be seventy-five or eighty years of age to be affected.

Mr. McGIBBON: It would only affect pensioners who have a pension less than \$240.

Mr. McLEAN (Melfort): It would mean that a pensioner with a war pension of \$100 a month would still be eligible for old age pension.

Mr. McPHERSON: When he reached that age. It would take some years before this would be in effect.

Mr. ARTHURS: There are other classes of pensioners, outside of the great war.

Sir EUGENE Fiset: If you wanted it to apply to the returned men only, it would be much better to amend the Pension Act itself. I think there is a pro-

vision, at the present time, in the Pension Act, that, notwithstanding the pension a returned man receives, where he is employed in the Civil Service, the amount of pension he is receiving is not taken into consideration. If this clause was enlarged to cover old age pensions, it would meet the case of the returned man, and no one else.

By Sir Eugene Fiset:

Q. That is exactly what you want?—A. That is what we want.

Sir EUGENE FISET: Do not touch the Old Age Pension Act at all, but touch the Pension Act.

The WITNESS: That will come up again under No. 14. The next is No. 6. (Reads):

6. *Re Employment of Ex-service Men*

Resolved, in Convention that whereas there are still a considerable number of ex-service men who have not been satisfactorily re-established in civil employment since their discharge from honourable war service with His Majesty's Forces;

And whereas it is becoming increasingly difficult for men of middle age and over to obtain suitable and permanent employment, owing to increased competition in commercial business, and owing to the fact that these men sacrificed a number of their best years of life in defence of the Empire, which in itself constitutes a serious handicap in commercial training;

Therefore be it resolved that this Convention of the Army and Navy Veterans in Canada, instructs that these facts be placed before the Federal, Provincial and Civic Corporations of the country, and petitions for a greater measure of preference in the employment of the returned soldier.

I might say that this has already been dealt with. With regard to Nos. 7 and 8, on immigration, copies of this resolution have been sent to the Prime Minister and the Minister of the Department. The next is No. 9. (Reads):

9. *Re Sale of Poppies*

Resolved, whereas the distribution of poppies manufactured by the Vetcraft Shops has in the past been handled by one Association, and in a number of cases where poppies have been forwarded from Dominion to Provincial Commands, prices have been raised 100 per cent or more by the time they reach the various Poppy Day Committees.

Therefore, we in Convention, respectfully request that the Dept. S.C.R. place all poppies with the local Units of the D.S.C.R. throughout the Dominion to be sold by them to any Unit of any ex-service men's organization at the prices charged by Vetcraft shops, plus freight and handling charges.

The CHAIRMAN: Has the Legion anything to say with regard to that suggestion?

Mr. SCAMMELL: I would like Major Melville to say something on that, if you will allow him.

The WITNESS: This is in accordance with the recommendation of the special Senate committee of 1925. Their recommendations were as follows:—

No exclusive privilege for the sale of poppies manufactured under the auspices of the department of Soldiers' Civil Re-establishment be permitted, but that all such poppies be made available at prices and upon terms equal to all.

Care must be taken in the disposal of these poppies to see that no middleman's profits accrue.

[Mr. H. Colebourne.]

That the commercialization of the sale of these poppies be eliminated, and to that end the Provincial Units of the Department of Soldiers' Civil Re-establishment be utilized for the distribution of poppies within the several provinces.

The CHAIRMAN: Will Major Melville give us some information on that?

Mr. MELVILLE: At the request of Honourable Dr. King, I prepared a memorandum on the 18th of January, on the question of poppies. If it is your wish, I would like to read it, as it covers the whole situation. (Reads):

MEMORANDUM ON THE MANUFACTURE AND SALE OF POPPIES

The Department first undertook the manufacture of the poppies and wreaths for Armistice Day in 1923, and these were sold to the Dominion Command of the Great War Veterans' Association, who were the sole distributors, at \$13 and \$72.50 per M for small and large poppies respectively, F.O.B. Toronto.

In 1924 the prices were increased to \$15 and \$77 per M for the small and large poppies and these charges have been constant ever since.

In 1925 a Special Committee of the Senate was appointed to enquire into certain returned soldier affairs, including the manufacture and sale of poppies and brought in three recommendations regarding same. These recommendations were very carefully considered and while it was impossible to carry them all out, yet undoubtedly they resulted in a much better understanding regarding the Campaign and also in a very appreciable reduction in the prices at which the poppies were retailed by the Provincial Commands.

One of the recommendations of the Special Committee was "that the Provincial Units of the Department be utilized for the distribution of the poppies within the several Provinces", but it would have been impossible for us to carry out this recommendation without building up a large organization, or as opposed to this, sales were bound to drop off owing to lack of contact.

In 1926 the Canadian Legion of the British Empire Service League was organized and the Department entered into a contract with them which allowed for the distribution of poppies throughout the Dominion, with the proviso that where they were unable to effect a sale, or they were not represented in any town, or locality, then the Department reserved the right to sell poppies and wreaths to other organizations, at cost.

The 1926 Campaign was very successful and the contract was renewed for 1927, when the most successful Campaign which was ever organized was held. The sales being approximately:—1,310,000 small poppies; 200,000 large poppies; 6,500 wreaths. The Department's account to the Legion for the 1927 Campaign will be over \$45,000.

The only point throughout the Dominion where criticism regarding prices has been raised on account of the 1927 Campaign is in the Province of Manitoba and I sincerely believe that the efforts which are under way just now will result in removing any cause for future complaint.

When it is considered that the Canadian Legion of the B.E.S.I. is a new and very active organization, with a total paid-up membership of over 40,000 and with 661 Commands, Branches or Auxiliaries, throughout the Dominion, it will be realized that they are able to carry out a very effective distribution through their organizations. Not only is this so, but

[Mr. H. Colebourne.]

they are also financially sound and responsible, and thus in a position to accept many of the charges which occur each year on account of the Campaign.

Some of the reasons which may be advanced in favour of a continuation of our selling agreement with the Canadian Legion of the B.E.S.L. may be briefly advanced.

(1) That the main grievance as brought before the Special Committee with regard to inflation of prices has been removed. The only exception being the Province of Manitoba and as stated previously this will be rectified.

(2) That the Department would be unable to organize a successful Campaign without the co-operation of a large and influential returned soldier body such as is represented by the Legion.

(3) That it would be impossible to sell to any body, or organization, who made application—difficulties in collection, organizing etc., throughout the Dominion.

(4) That unless the Legion have the exclusive selling privileges, except where they are not represented, then they refuse to have anything to do with the Campaign.

(5) That Poppy Day is an established institution throughout the British Empire and the manufacture of the poppy emblems gives employment to men in every Province throughout the Dominion and the loss of the work would be seriously felt.

(6) That it has only been through the co-operation and activity of the Legion that the sale of wreaths in 1927 exceeded those in Great Britain and even greater sales this year are confidently anticipated.

The Department has arranged with the Canadian Legion that the Army and Navy Veterans will be allowed to purchase supplies for certain towns in Manitoba and this privilege should remove any objections which they may now have.

According to information received from the Dominion Secretary of the Army and Navy Veterans their total membership to-day would not exceed 7,500 and they have approximately 40 active branches located as follows:—New Brunswick, 0; Nova Scotia, 1; Quebec, 3; Ontario, 4; Manitoba, 5; Saskatchewan, 4; Alberta, 5; British Columbia, 10.

The following sales of poppies and wreaths were made to the Army and Navy Veterans for the 1927 Campaign:—Russell, Man., 500 small poppies; Portage, Man., 2,000 small poppies; 150 large poppies; 2 wreaths.

Mr. BOWLER: I would like to put a statement on the record to-morrow with regard to the province of Manitoba.

Witness retired.

The Committee adjourned until Wednesday, March 8th, at 11.00 a.m.

WEDNESDAY, March 7, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

H. COLEBOURNE recalled.

WITNESS: On the question of poppies, No. 9, page 4, of the Memorandum of the Army and Navy Veterans. Mr. Chairman, and gentlemen, I would like to say a word in connection with the memorandum submitted by Major Melville near the close of our sitting yesterday, in which reference is made to the action of the Army and Navy Veterans in connection with the Poppy Day fund. I would like to say that although this resolution was passed by the Army and Navy Veterans in Canada; we were really speaking on behalf of the local Committee at Winnipeg who were dealing with this matter, because representations in regard to the cost of the poppies or the price charged by the Canadian Legion to the local Committee in Winnipeg have been going on since the year 1923, and every year there has been more or less complaints in regard to the price. I just wanted to make that clear to the Committee.

Mr. ADSHEAD: That will not have anything to do with us. It is between yourselves.

The CHAIRMAN: That is a matter of departmental administration.

WITNESS: Yes. I would like further to say that this matter has really boiled itself down to the Manitoba district, more particularly to the Winnipeg units. I am hoping that in the course of perhaps seven or ten days, after the arrival of my president in Ottawa, in conjunction with the department, a settlement will be arrived at in this regard.

By Mr. MacLaren:

Q. What is the point at issue?—A. The point at issue was in regard to the price charged by the Canadian Legion for poppies.

Q. Too high or too low?

The CHAIRMAN: There has been for some years a dispute between the Army and Navy Veterans Association and the Department of the D.S.C.R. with regard to the sale of poppies. These poppies are for distribution on Armistice Day and are made by the Vetcraft Shops. The Department of the D.S.C.R. have entered into a contract, formerly with the Great War Veterans' Association, and now with the Legion, whereby they are sold to these organizations at a set price. Difficulties have arisen because other organizations, such as the Army and Navy Veterans, wish to receive these for distribution at cost price. A solution was arrived at in respect of parts of the country where the two associations did not conflict, where for instance, the Legion branch did not care to undertake the work of the sale of the poppies. In that case, the Army and Navy Veterans' Association received the poppies at cost price. In other cases where there was only a branch of the Army and Navy Veterans, the same procedure was adopted, but in certain cases where the two associations met, apparently the department has been selling poppies to the British Legion at cost price, and they afterwards turned them over to the Army and Navy Veterans at a profit.

[Mr. H. Colebourne.]

The WITNESS: To the local branch of the Army and Navy Veterans Association.

The CHAIRMAN: Yesterday, a statement was made by a representative of the Department to the effect that it was considered advisable to sell these articles to the association which had the greatest number of branches, and which could undertake to enter into a contract with the Government on, I think, a more or less minimum basis. The amount sold last year to the Legion came to something like \$45,000. That is the situation. The difficulty now seems to be confined to certain branches in Winnipeg, and there is a kind of round-table conference being arranged, and it will be straightened out.

Mr. McPHERSON: Mr. Bowler made a remark at the close of the last session that he wanted to speak on this this morning.

The CHAIRMAN: In view of the evidence that there will be an early amicable settlement, I do not see why we should stir up any trouble.

Mr. BLACK (Yukon): Surely a matter of this kind can be settled by the department without referring it to the Committee.

Mr. BOWLER: I would like to make a statement for the record in regard to the sale of poppies in Manitoba. The sale is made by the Federal Command, and the price is set by the Provincial Command. They sell direct to the branches or in places where there are branches, of various organizations, then they sell to the Committee at a price fixed by the Command. I would like to have it on record that the Provincial Command of the Legion in Manitoba, to which I personally have the honour to belong, and which is presided over by Lt.-Col. Ralph Webb, D.S.O., late Mayor of Winnipeg, and under whose direction the campaign has been organized, is ready and willing to disclose all facts relating to the campaign and the prices charged. The integrity of the Command and the public value of its work is fully recognized by public bodies and by the public generally in the province, and, I feel sure I am safe in saying it is recognized by the officials of the department. The Command will be most happy to confer with the officers of the Department, or any one else at any time with a view to removing any misapprehension which may exist.

The CHAIRMAN: That settles that. Next.

Mr. COLEBOURNE: Memorandum No. 10 reads as follows:—

Re Old Age Pensions

Resolved, whereas at the last Dominion Parliament legislation was effected, allowing old age pensions at 70 years of age in the sum of \$20 per month, this Convention desires that those Provincial governments who have not taken up the matter with their respective Parliaments, be memorialized requesting that legislation be enacted at the next session of the legislature in each province.

The CHAIRMAN: That has nothing to do with us, that is a matter for the provincial legislatures.

WITNESS: That has been taken up. (Reads Memorandum No. 11):

11. Re Civil Service

Resolved, whereas the employees of the D.S.C.R. are Civil Servants. And whereas the positions held by these employees in the D.S.C.R., are not permanent.

[Mr. H. Colebourne.]

And whereas many of these employees have been with this Department since the termination of hostilities and have given the Department every satisfaction;

And whereas the majority of these employees are returned men who served several years in the C.E.F. prior to their engagement with the D.S.C.R.;

And whereas these employees, having deviated from their former civil occupations, rely entirely upon their present occupations for their future livelihood;

And whereas under their present conditions of employment they are debarred from qualifying for a pension under the Superannuation Act;

And whereas the work of this particular Department shows little sign of immediately diminishing or decreasing after eight years in service, neither is there any sign of any such decrease in the future, except through death;

Therefore, we, the Army and Navy Veterans in Canada, in Convention, request the Minister of D.S.C.R. and Health to take the above facts into serious consideration, with a view of bringing them to the notice of the Federal authorities, asking that the positions of these employees be made permanent.

In this connection, Mr. Chairman and gentlemen, I would like to state that in view of the probable merging of the Department of Health with the D.S.C.R. we consider the time is opportune for action to be taken.

By Mr. Gershaw:

Q. Why are they not eligible for absorption? On account of present conditions?—A. They are not permanent officials.

Q. Under the Civil Service?—A. They are not entitled under the Act.

By Mr. McLean (Melfort):

Q. How many men would this affect?—A. I do not know the number. Mr. Scammell could give you that.

Mr. SCAMMELL: Dealing with this question generally, I would state that at one time the employees of the Department numbered approximately 10,000, including those of the Board of Pension Commissioners. It was not considered advisable at that time to make a large number permanent who would otherwise be declared servants. It was decided to leave the matter until the Department's activities had reached such a stage that we knew pretty well how many could be retained permanently. That stage has now about been reached, and in the legislation which will be introduced very shortly to Parliament in connection with the merging of the Department of Soldiers' Civil Re-establishment with the Department of Health power is being taken to make permanent under the Civil Service regulations such employees of the Department as may be considered permanent by the Civil Service Commission and by the Departmental officers. There are now just over 1,900 employees altogether throughout the whole of the Department. Some of these necessarily will continue on a temporary basis, but a large number will be eligible for permanent employment under the Civil Service regulations.

By the Chairman:

Q. When was the peak of the number of employees?

Mr. SCAMMELL: In 1920.

The CHAIRMAN: What was the number?

Mr. SCAMMELL: The Departmental number was just under 9,000; that of the Board of Pension Commissioners was just about 1,000 or a little over. There was approximately 10,000.

[Mr. H. Colebourne.]

The CHAIRMAN: At the present time?

Mr. SCAMMELL: The total is just over 1,900, the combined staffs.

Mr. ADSHEAD: Do you say that some of these will be made permanent because they are giving satisfaction and that some will not?

Mr. SCAMMELL: It is not a question of giving satisfaction; it is a question of certain occupations in the Department necessarily being temporary.

Mr. ADSHEAD: What will be done with these people who have been there for a number of years and are going to be thrown out?

Mr. SCAMMELL: There is no immediate prospect of people being thrown out. There will be some further reductions to be made, but not a very large reduction.

Mr. ADSHEAD: What will be done with the service men who are going to be eliminated?

Mr. SCAMMELL: We always make it a point to endeavour to place these men elsewhere.

Mr. BLACK (Yukon): In the report covering the 7,000, will all those who are serving now be taken care of?

Mr. SCAMMELL: Not all. It is practically impossible, but a great majority have been absorbed elsewhere, not in the government service.

Mr. BLACK (Yukon): What do you mean by absorbed?

Mr. SCAMMELL: They find jobs in other occupations.

Mr. BLACK (Yukon): Still alive?

Mr. SCAMMELL: Yes.

The WITNESS: (Reads memorandum No. 12):

12. *Re Last Post Fund*

Resolved, whereas in the Province of Manitoba the total apportionment applicable annually from the Federal Grant to this Province through the Last Post Fund for the burial of indigent ex-service men was \$935;

And whereas this amount was considerably below that required for that purpose;

And whereas the indebtedness to undertakers in the Province amounted to over \$4,000;

And whereas the Army and Navy Veterans in Canada, through the Manitoba Provincial Command, made serious complaint of same to Dominion Headquarter's Last Post Fund at Montreal;

And whereas the Last Post Fund Dominion Council interceded with the Federal authorities with the view of obtaining further financial aid from them;

And whereas the Federal authorities in July last passed an Order in Council authorizing payment of the above debt, and a further sum if necessary to cover the funeral expenses of indigent ex-service men incurred by the Last Post Fund;

We, therefore, the Army and Navy Veterans in Canada, in Convention, appreciating the valuable assistance given by the Federal authorities, thank the Minister concerned, Dr. King, for his timely aid and consideration, all of which has saved this Association from financial responsibilities connected with the above cases, not only in the Province of Manitoba, but also in other provinces.

Mr. Chairman and gentlemen, that is merely a resolution of appreciation.

By Mr. McPherson:

Q. What will we do with it?—A. As these things are rather unusual, I would like it to go on record.

[Mr. H. Colebourne.]

The CHAIRMAN: I think we will move on to the next.

WITNESS: (Reading Memorandum No. 13).

13. *Official Soldier Advisers*

Resolved, whereas the services of the Official Soldier Advocates appointed by the Federal Government throughout Canada have been of inestimable benefit and assistance to the ex-service men of Canada and their dependents;

And whereas it has been found that in certain districts, especially in the City of Winnipeg, that the work in the offices of the Official Soldier Advocates has so accumulated that even with the utmost diligence which is being exercised by the soldier advocates it has been impossible for them to cope unaided with the volume of work which is accumulating;

And whereas in certain of the aforesaid districts the number of cases presented before the Federal Appeal Board have been so many in number, that it has occupied a very substantial portion of the time of the Soldier Advocates in the preparation and presentation of cases;

And whereas such a condition of affairs has caused many urgent cases to be, of necessity, delayed;

Now, therefore, be it resolved in Convention that the Federal Government be requested to appoint in certain districts, especially in the City of Winnipeg, an assistant Official Soldier Advocate;

And be it further resolved that whereas in the past all official soldier advisers have been appointed from amongst the membership of one Association and that a large number of ex-service men and their dependents have expressed a preference for consulting the officials of other national bodies of ex-service men, that all cases where such an Assistant Official Soldier Adviser is appointed, consideration shall be given to the aforesaid other associations in the selection of same where a man qualified for the position is available.

In this connection, Mr. Chairman and gentlemen, I want to state that the D.S.C.R. have already acted on the recommendation in regard to Winnipeg, and an assistant to Mr. Bowler has been appointed. I would like to stress that arrangements be made in all the big centres, and in my opinion, there is an immediate necessity for the appointment of an assistant in Toronto and Montreal, and, it may be in other parts of Canada. I do not know that I have anything further to say about that.

By Mr. Adshead:

Q. Has there been any application for that purpose?—A. I do not know that any official application has been made. There has been a certain amount of delay in dealing with these cases through the Soldiers' adviser not having any assistance.

The CHAIRMAN: In one case I know of in Quebec, the soldiers' adviser is appointed from the ranks of the Army and Navy Veterans.

By Mr. Black:

Q. None of these soldiers are required to give their whole time to the work?—A. Yes, it is necessary.

Q. It is not in Vancouver; it has only been on the side?—A. In connection with the general organization, one man cannot devote his whole time. In most cases, it is necessary to devote the whole of the time.

[Mr. H. Colebourne.]

Q. The Department ought to be able to handle it without anybody?—A. We are only pressing for this where the need is established. Where the need is established, it ought to be done.

By Mr. McPherson:

Q. This is a case of departmental regulations, which apparently has not been seriously pressed?—A. A copy of this resolution has been sent to the Department. I understand they are dealing with it.

The CHAIRMAN: In my opinion, instead of appointing three or four part-time men, it would be well to appoint one full-time man, and give him a real salary. If you are going to get a good lawyer to do nothing but this, you will have to pay him well.

Mr. BLACK (Yukon): In Vancouver, they do not pay the man enough to make it worth his while.

The CHAIRMAN: For this work he should get paid sufficient money. I can think of no more embarrassing and distressing classes of cases than the classes that will come up under this. The man will have more work and bother than a barrister in the ordinary practice of his profession. He should be well paid.

Mr. BOWLER: I might say that in Winnipeg, it is alleged to be a part-time position, but that is not the fact. It is sometimes more than a full-time position. To my knowledge, since the Soldiers' Advisers in Winnipeg were appointed, between 4,000 and 5,000 files have been opened and there are approximately 2,000 that are active at the present time of all classes of cases.

The WITNESS: (Reads Memorandum No. 14):

14. *Re Old Age Pensions*

Resolved, that whereas legislation was effected at the last Federal session of Parliament granting old age pensions to persons reaching the age of 70 years, with the stipulation that Provincial Governments contribute a similar amount.

Now, therefore, we the Army and Navy Veterans in Canada, in Convention, humbly requests that the Federal Government, in view of the above, take under advisement an adjustment of the Old Age Pension Act with a view of reducing the age limit from 70 to 65 years, in the case of ex-members of His Majesty's Forces.

Mr. Chairman and gentlemen: this matter came up for discussion in the House of Commons during the last session, and I think it was generally agreed that provision could not be made under the Old Age Pension Act. I think that arrangement might be made by legislation, whereby this question of reducing the age in the case of ex-members of His Majesty's forces, from seventy to sixty-five years, might be considered, probably in connection with your deliberations on rehabilitation.

By Mr. Adshead:

Q. You are asking it to be reduced because they are more or less impaired by war?—A. By war service. In a number of cases there is no visible disability; it is really a question of premature age.

Q. Burning out?—A. Yes, burning out.

Mr. SPEAKMAN: I think this should be dealt with by the federal authorities, rather than divided with the provinces.

The WITNESS: I think it is a federal responsibility. That is, probably, why consideration was not given to this suggestion last year.

[Mr. H. Colebourne.]

Mr. SPEAKMAN: That is why I opposed it.

The WITNESS: I know there was considerable discussion in the House about it, and I know you spoke about it, Mr. Speakman. The next is No. 15. (Reads):

15. *Re Federal Appeal Board*

Whereas enquiry has shown that a very large number of cases are awaiting the attention of the Federal Appeal Board.

And whereas in many centres there has been no sitting of the Federal Appeal Board for many months, thereby occasioning unnecessary hardships in many deserving cases,

And whereas the work of the present members of the Federal Appeal Board has been greatly appreciated but it is apparent that they are unable, owing to lack of members and the time at their disposal to cope with the work which has accumulated,

Therefore be it resolved that the Federal Government be petitioned to enact the necessary legislation to provide for a substantial increase in the number of members of the Federal Appeal Board.

Mr. Chairman and gentlemen: as you know, according to the present law, the maximum number of members of the Federal Appeal Board is fixed at seven. We think that this should be increased to at least nine. The chief reason is that at the present time there are a number of cases requiring consideration, and it is impossible for the present quorums, which is three, to deal with them quickly. In this connection, I would like to state that from November, 1926, until November, 1927, only one visit was paid to a big centre like Winnipeg, by the Federal Appeal Board. It is true that since that date two visits have been paid, and it is also true that the number of cases are diminishing. But we think that if the personnel of the Federal Appeal Board was increased from seven to nine, it would facilitate the work and relieve a lot of cases now waiting to be decided. In addition to that, it would be possible for a committee to be in Ottawa, practically at all times, to deal with emergency or special cases, more particularly in connection with the working of the meritorious clause.

By Mr. Adshead:

Q. Have you anything to say with regard to the method by which the Appeal Board arrive at their decision, in taking the vote? Some other people have mentioned that here?—A. Only in regard to the meritorious cases.

Mr. ADSHEAD: I understand the Appeal Board is composed of the Pensions Board, plus some others, and that they have to have a majority.

The CHAIRMAN: That is only in certain specific cases indicated by the Act.

The WITNESS: That is in meritorious cases.

By Sir Eugene Fiset:

Q. If this suggestion of the department, that a third board be appointed, is carried out, would that meet your wishes?—A. That would help considerably. But there would still be the old difficulty in getting a quorum available in Ottawa to deal with these cases expeditiously.

By Mr. Gershaw:

Q. There are some large centres in the west that the Board have never visited.—A. This resolution was passed last September, and I think it is only fair to state that there has been considerable improvement, and that the number of cases has decreased.

By Mr. McPherson:

Q. Have you any idea of the number of appeal cases that are now pending?—A. No, I have not. I could not speak with any authority on that point. Perhaps Mr. Scammell could tell us that.

MR. SCAMMELL: Mr. Chairman, I would rather bring down a report on that subject a little later.

By Sir Eugene Fiset:

Q. When they are travelling, does the whole body of the Appeal Board travel together?—A. Sometimes. They have been away, I understand, during the last two or three weeks.

Q. What would be the advantage of two more members? Do you intend to divide them?—A. If you have two more members they could then sit in quorums of three.

By Mr. McLean (Melfort):

Q. They do that now.—A. It would really form another quorum by adding two. Mind you, I do not say that these gentlemen should be appointed for all time, but I do think the appointment should be for the next two years. It should be increased from seven to nine during the next two years. By that time the work will be so expedited that probably one quorum would be able to deal with all cases after that date. I think it is in the interests of true economy, and in justice to the ex-service men, that such an arrangement should be made.

By Mr. Thorson:

Q. Did your Association discuss at all the question of the length of time of the appointment of members of the Federal Appeal Board?—A. No.

Q. At the present time they are appointed for two years.—A. Only in regard to this proposed suggestion. We think the new members should be appointed for a period of two years, so as to cope with the work there is at present. While I am here, I would just like to refer to one or two matters that are not on the agenda. I think they are of interest. I would like to refer to page 2 of the resolution submitted by the Canadian Legion, and to state that the Army and Navy Veterans concur in suggestion No. 8 therein. In respect to the question of returned soldiers' insurance, referred to on page 9, No. 37, we are quite one hundred per cent with the Canadian Legion in that matter. That would also apply to the resolution submitted to this Committee on Monday, March 5, by Mr. James Brown, in regard to the Returned Soldiers' Insurance Act.

There is a matter I would also like to bring to the attention of this Committee, in connection with the final report on the Second Part of the Investigation of the Ralston Commission, dated July, 1924, page 31. It is not a very long clause, but it is important, and I would like to read it to the members of the Committee.

Various Matters Presented as Relating to Procedure on Application for Pension or Treatment

Upwards of Seventy-five suggestions were made on this subject by the representatives of ex-service men. Many of these proposals were covered or partially covered by existing Regulations or practice—others were, after discussion, modified or not pressed—and again others were not at all within the scope of the Commission's work. It would extend the Report unnecessarily to refer to each separate suggestion, good, bad or indifferent, and discuss and dispose of it. The Commission has, therefore, endeavoured to consolidate those which appear to it to be similar in general character although they were presented at different

[Mr. H. Colebourne.]

places and contain differences in detail. Generally speaking, and with the above eliminations, only those proposals will be discussed which contain some point sufficiently meritorious to be entitled, in the opinion of the Commission, to favourable consideration.

There are instances, however, in which there is some discussion of suggestions which are not recommended favourably, but the Commission has tried to confine these instances to matters which were thought to be too important to dismiss summarily. The references to the pages of the evidence will show the particular local form in which the suggestion on the general subject was put forward at the various Hearings. The suggestions are dealt with in the order in which they would likely come up in the case of an applicant who is seeking treatment or pension.

Suggestion by Ex-Service Men—Publicity as to Regulations

That more effective action be taken to inform ex-soldiers and their dependents as to their rights and privileges in connection with treatment and pension. (Halifax 352, St. John (P.E.I.) 65-66, Montreal 24, Calgary 106, Winnipeg 443, Regina 51.)

The immediate necessity for the publication of a non-technical handbook was clearly stated by the Commission in Report Number 2 (p. 9). A similar recommendation was made previously by the Parliamentary Committee of 1922. (1922 Parl. Com. Report p. X and XI.)

Recommendation of Commission

Reference to recommendation previously made in Report Number 2, page 9, as follows: That a handbook be prepared for general circulation, setting out succinctly, and in non-technical language information:

- (1) As to the rights of ex-service men and their dependents respecting pension and treatment, and outlining the procedure to be followed;
- (2) As to the various other activities of the D.S.C.R. and the rights and privileges of ex-service men and their dependents in respect thereto, and the method whereby these rights and privileges may be exercised.

As I said before, it goes back over a period of six years, and I certainly would urge that, at the end of the present session, something of this nature be prepared and circulated for the benefit of all concerned. I think that you will all realize the tremendous number of ex-service men that do not know what they are entitled to. If they have a case that they want to take up with the department, they do not know how to proceed. I think it would be very useful information indeed, and I think the ex-service man is entitled to know exactly what he should do when he wants to appeal to the government.

By Mr. Adshead:

Q. What about the official advisers of the soldiers?—A. Of course, cases do come to him, on the advice, as a rule, of one of the returned soldiers' organizations.

By Mr. Arthurs:

Q. Many ex-service men do not know that such an officer exists?—A. That is the whole thing. Ex-service men, as a rule, do not know how to place their case before the government.

By Mr. Adshead:

Q. If they knew there was an official adviser, then they would know what to do? He would have full knowledge of the whole affair?—A. It is not only a question of cases to be dealt with by the soldier adviser, but it is a question of general cases, other than pensions and that sort of thing.

[Mr. H. Colebourne.]

Sir EUGENE Fiset: Would it be possible, in view of the new recommendations that have been made by the Ralston Commission, to ask Mr. Scammell, of the D.S.C.R., to give us a synopsis of what has been done to give effect to certain of those recommendations. I am quite sure that some action has been taken by the D.S.C.R. regarding the several suggestions that could be carried out without amending the Act, and which are only part and parcel of the regulations. If we could have a précis of what has been done, I think it would be of very material help to this Committee. Is that possible?

Mr. SCAMMELL: It is quite possible.

Sir EUGENE Fiset: Would that entail very much work?

Mr. SCAMMELL: Not very much.

Sir EUGENE Fiset: We would then be able to proceed by elimination, and it would enable this Committee to deal with these matters much more intelligently.

The CHAIRMAN: Regarding the publicity, with regard to the pensions, at any rate. The law has been changed about every year, and even if the returned soldiers had, in their possession, a handbook distributed six years ago, it would be very much out of date at this time.

Mr. McPHERSON: And the number who do not know their rights, or the method of getting them, is being diminished each year, instead of increased.

The CHAIRMAN: Perhaps Mr. Scammell may have something to say in reference to that. I know that the Pension Act is distributed very freely, but I do not know that a great many people understand it.

Mr. SCAMMELL: This recommendation of the Ralston Commission was taken into very careful consideration by the then Minister of the Department. The handbook was duly prepared, but it was a voluminous document as sufficient detail had to be given to enable the man who read it to know exactly what his rights and privileges might be. When that draft was considered by the Minister, he felt that it would hardly serve the purpose that was intended. In the first place, the men would not read it. Secondly, efficient soldiers' advisers were appointed, and the department had its own offices all over the country. We advertised, and still advertised in the various veterans' magazines, giving the names and addresses of the official soldiers' advisors, and the officers of the department. It was felt that we were doing a better service in referring the men, in this way, to those who could give them the exact information they wanted on any given point, rather than by circulating a rather large book of regulations, which, as you just stated, are changed from time to time. That is the reason why this recommendation was not carried out. We obtained an appropriation for it, and prepared the document, but it was never issued. It would have to be entirely rewritten to-day.

Mr. ADSHEAD: You take every means at your disposal to acquaint the returned soldier with the existence of the official adviser, and where he is?

Mr. SCAMMELL: Always.

Mr. ADSHEAD: You take every means possible to acquaint the returned soldier in every part of the country as to where the official adviser is?

Mr. SCAMMELL: We advertise that through the various veterans' magazines.

Sir EUGENE Fiset: This information reaches the man who has had some dealings with your department in the past; it reaches the pensioner, but does it reach the man who at this stage becomes entitled to medical treatment or a pension? In the province of Quebec, you have one adviser in Quebec. You have none below Quebec, and there is a stretch of 350 miles of country there. The applications that you are receiving at the present time are going to be on the increase all the time. The only way that these poor fellows can get any

[Mr. H. Colebourne.]

information, is to go to their local member. Of course, I think we are all willing to act as an agent for the D.S.C.R., but I am afraid that your information is not distributed as widely as you think.

Mr. SCAMMELL: Could you suggest any way in which these people could be reached? Their addresses are not known to the department.

Sir EUGENE Fiset: Advertise in some of the small country weekly papers.

The WITNESS: In regard to the advertising in the veterans' publications, Mr. Scammell, you know, that has been discontinued. The space that used to be used for giving the names of the soldiers' advisers, and all that sort of thing, is at present being used by the vet-craft shops.

Mr. SCAMMELL: Yes, that has been the case for some little time. I think the fact is generally known all over the country that there are such officers as soldiers' advisers. Also, any man can write direct to the department, if he wishes, and we always deal with the questions asked.

Mr. ADSHEAD: The official adviser is the proper person, if the soldier can only get access to him.

Sir EUGENE Fiset: Certainly.

The WITNESS: I think the soldier ought to have access to this information through the Post Office throughout the country. If they had a number of these pamphlets prepared, and an announcement put up at the different post offices that they could be secured, I think that would serve the purpose.

Sir EUGENE Fiset: That is an extremely practical scheme.

The WITNESS: In that way, I think you would reach all the rural districts and come in touch, sometime or other, with every man.

Mr. McPHERSON: I doubt very much whether any pamphlet would be of real value to the ordinary soldier.

Sir EUGENE Fiset: What I had in mind was a sheet prepared by the D.S.C.R., just simply telling the returned man where he could get information, and to whom he should apply.

The WITNESS: It ought to be issued and printed in both French and English, and in clear-cut language.

Sir EUGENE Fiset: That could be posted up in every post office.

Mr. ILSLEY: It would only take a few sentences.

Mr. CLARK: What makes you think that there are many of these cases in existence?

Sir EUGENE Fiset: Many of the people in Quebec do not speak English, and many of them cannot read or write. These people were so anxious to be demobilized that they took any steps whatever to be relieved. They are coming forward now to be re-examined as to pension. Take in one section of the country—Rimouski, I might as well mention it—there are about twenty-eight hundred men that volunteered in one regiment. They are distributed all through the district, some in the back country and some on the north shore. They have never had any information, and they are suffering now.

Mr. CLARK: How do you know they are suffering?

Sir EUGENE Fiset: Because they came to me.

Mr. CLARK: Then their cases are known.

Sir EUGENE Fiset: Many parish priests will come to us and tell us of some case. If I take this case up, it is brought forward. But take the case of a family of dependents, they do not care to come forward—it is a shy population, and they have not the advantages of other parts of the country. I am sorry to say that those are the facts existing now. I am doing my best, and others are doing their best, but it seems to me a very serious matter.

[Mr. H. Colebourne.]

The CHAIRMAN: One of the members from that district asked me to bring up this matter in regard to the Gaspé district. Gaspé is four hundred miles from Quebec, where the soldiers' adviser is. These people claim that there should be some arrangement made, either for the soldiers' adviser to travel to that country and receive complaints, or for an assistant soldiers' adviser to be appointed in that locality.

Mr. BLACK (Yukon): That is a matter for the department.

The WITNESS: Mr. Chairman and gentlemen: I wish to thank you very much for listening so intently to what I had to say, and my only regret is that I had to keep you so long.

Witness retired.

The CHAIRMAN: Mr. Bowler and Mr. Barrow have something to say with regard to the Federal Appeal Board, covered by their suggestion No. 30.

Mr. BOWLER: Mr. Chairman and gentlemen: in view of the discussion which developed yesterday, when the question of the Appeal Board came up, under one of Mr. Colebourne's resolutions, I do not think that it is necessary for me to add very much. I would like, however, to have placed on the record the resolution passed by the National Convention of the Canadian Legion. (Reads):

That the Federal Appeal Board be empowered to adjudicate upon any decision of the Board of Pension Commissioners or Department of Soldiers' Civil Re-establishment, and that facilities be specially granted to provide and appeal on the grounds that any decision of the Board of Pension Commissioners under section 12, section 32, section 33, section 34, or section 39 of the statute is improper.

At present, the jurisdiction of the Federal Appeal Board is limited to the question of service relationship of disability or death.

Bill 205, Clause 11 (1) as passed by the House of Commons on June 13, 1923, provided that an appeal shall lie from any decision as to pension, but the provisions were amended by the Senate.

Bill 255, Clause 15 (1) as passed by the House of Commons on July 16, 1924, also provided that an appeal shall lie from any decision of the Board of Pension Commissioners. This also was negated by the Senate.

Bill 70, Clause 16, as passed by the House of Commons on May 5, 1925, provided appeals where disability or death was the result of misconduct, but this was deleted by the Senate.

That is the resolution of the Canadian Legion.

As I stated yesterday, our contention is based on the fact that the whole situation was investigated by the Ralston Commission, and their recommendation was duly approved by the House of Commons. I pointed out yesterday, that, of all cases coming before the Canadian Legion, not more than one-third are appealable, under existing legislation. I pointed out also, that the classes not included at the present time are the cases of complaints, or appeals, on assessments, which would include claims for retroaction; cases disallowed for misconduct; cases where there is a dispute as to diagnosis; and cases of the claims of dependent persons, such as widowed mothers, parents, children, and similar cases.

Mr. THORSON: What was the exact language of the recommendation of the Ralston Commission on that point?

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. BOWLER: It appears in the first interim report of the second part of the Investigation, April, 1923. It reviews first of all the situation in Canada and it reviews the existing systems in the United States and Great Britain and other countries. The recommendation is as follows: It appears at page 16, recommended appeal system:

(a) The establishment under the Department of Justice of a District Review Board for each of the nine D.S.C.R. districts, and of a Federal Appeal Board for the Dominion of Canada, the personnel of each of these tribunals to consist of a medical man, a lawyer and a layman, at least two of whom shall be ex-service men.

(b) An appeal to lie from decisions as to treatment or pension to the District Review Board which shall, after hearing the case, make such recommendation as is warranted; this recommendation to be forwarded to the authority, either the Pensions Board, or the D.S.C.R., which has made the decision complained of. In case a recommendation favourable to the applicant is not carried into effect within a specified time, or in case of a recommendation unfavourable to the applicant, the recommendation and file is automatically to go to the Federal Appeal Board, generally the latter may, without formal hearing approve or disapprove the recommendation of the District Review Board, and the original authority shall act on the Federal Appeal Board's decision; but in cases where the recommendation of the District Review Board is more favourable to the applicant than the decision complained of, the Federal Appeal Board may not disapprove the recommendation without giving the applicant an opportunity to appear personally, or be represented before it, at a hearing in the district in which the appellant resides. On this hearing, the Federal Appeal Board may make such final decision as may appear just.

That is the exact wording of the recommendations.

Mr. THORSON: That recommendation gives the fullest jurisdiction to the Federal Appeal Board on questions of entitlement and of assessment.

The CHAIRMAN: The Federal Appeal Board as now constituted has not anything like that?

WITNESS: No, it has not. As to the jurisdiction of the Appeal Board it might be well to have the section on the record. Section 51 of the Revised Act reads as follows:—

51. Upon the evidence and record upon which the Commission gave its decision an appeal shall lie in respect of any refusal of pension by the Commission on the ground that the injury or disease or aggravation thereof resulting in disability or death was not attributable to or was not incurred during military service.

2. Every member of the Board shall also have the right to hear, but only upon the evidence and record upon which the Commission gave decision, such appeals at such times and places as are fixed by regulations made and approved by the Board, and to give decisions thereon.

3. The member giving any such decision shall notify the applicant who has so appealed and the Commission, by registered letter mailed within five days after such decision; and if such applicant or the Commission is not satisfied with such decision an appeal therefrom may be lodged within thirty days from such decision with the Federal Appeal Board, a quorum of whom, not including the member of the Board who originally gave the decision, shall hear the appeal and the decision of the Board thereon shall be final.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

4. The right of appeal shall be open for two years after the appointment of the Federal Appeal Board by the Governor in Council, or for one year after the decision complained of, whichever may be the later.

5. An applicant shall be entitled to only one appeal upon the grounds or any of them set forth in subsection one of this section.

6. The decision of the Federal Appeal Board thereon shall be final and shall be binding upon the applicant and upon the Commission:

Provided that if within one year after a decision by the Federal Appeal Board upholding a refusal of pension by the Commission or within one year after the fourteenth day of April, one thousand nine hundred and twenty-seven, whichever is the later, the applicant submits newly discovered evidence which, in the opinion of a majority of the Commission, establishes a reasonable doubt as to the correctness of the previous decision, the Commission shall reconsider such case, and if refusal of pension be confirmed, the applicant shall have the right of a second appeal to the Federal Appeal Board and its decision thereon shall be final and shall be binding upon the applicant and upon the Commission.

7. Every applicant and the Board of Pension Commissioners for Canada or its representative shall have the right to attend in person, at any and all sittings for the purpose of hearing an appeal held by the Board or by a member thereof, under such conditions as to the payment of an applicant's expenses thereby incurred as may be fixed by regulation of the Governor in Council, and the applicant may if he so desires, but at his own expense, be assisted thereat, by counsel or representative other than the official soldier adviser appointed under the Department of Soldiers' Civil Re-establishment Act.

8. Any judgment rendered by the Federal Appeal Board shall be signed by the Chairman or presiding member of the Board and the Secretary and shall contain the following information:—

- (i) The name or names of the member or members of the Board who heard the appeal;
- (ii) The medical classification of the injury or disease causing the disability in respect of which the appeal has been made;
- (iii) The medical classification of the injury or disease causing the disability in respect of which the appeal is allowed or disallowed as the case may be;
- (iv) If the appeal is allowed, whether the injury or disease resulting in disability was attributable to or was incurred during military service or pre-existed enlistment and was aggravated during service.

MR. BOWLER: That is, appeals at the present time are narrowed down to the question of service relationship only.

The CHAIRMAN: It might be well perhaps—

By Mr. Thorson:

Q. It has been argued that the Federal Appeal Board has not adequate machinery to deal with the question of assessment. What would you say to that argument?—A. I think they would be very hard pressed at the present time, with the present organization if they had to take up assessment appeals as well. Perhaps the Chairman could give more information on that.

Q. The Chairman of the Federal Appeal Board?—A. Yes.

By Mr. Clark:

Q. What do you suggest yourself?—A. If I had to tackle it from the administrative end, I would be inclined to try with the machinery I have, try to find what the situation is and if necessary, it might be necessary to increase the number of commissioners.

[Mr J. R. Bowler and Mr. F. L. Barrow.]

By Mr. Thorson:

Q. So that there might be more quorums?—A. Yes, it is only possible to have two at the present time.

Q. Would you concur in the suggestions made by the previous witness in regard to the enlargement of the personnel of the Appeal Board?—A. Yes.

By the Vice-Chairman:

Q. If the previous witness was correct, and it requires an enlargement of the Appeal Board, would not there be an assessment required, a much larger assessment than they are ever going to reach within the next two years?—A. It would. I think that is fairly obvious. The Ralston Commission considered that in order to provide for appeals for all classes, these District Review Boards should review. It was felt that in each province it was necessary.

By Mr. Clark:

Q. Does it not occur to you there would be fewer appeals on the question if the Appeal Board had the widest jurisdiction? I would suggest that would cut down the number of appeals on everything, if the Federal Appeal Board was used as an appeal board.

The VICE-CHAIRMAN: Tempered with mercy.

Mr. CLARK: Not necessarily. They would try to frame decisions as the Appeal Board would do.

Mr. THORSON: There is a good deal to be said for that.

Mr. BOWLER: That has worked out already in regard to classes that are appealable.

Mr. CLARK: The figures which show the number of cases reviewed by the Pensions Board, and the decisions revised, would indicate that my suggestion is correct. There would not be so many appeals if jurisdiction were wider.

Mr. GERSHAW: Don't you think they should visit some places more often, and visit places they do not visit at all?

The VICE-CHAIRMAN: Where would the Appeal Board sit in the province of Alberta?

WITNESS: Calgary and Edmonton.

The VICE-CHAIRMAN: In some places in Alberta, a man would have to travel 300 or 400 miles.

Mr. GERSHAW: They have sat in Lethbridge.

Mr. BLACK (Yukon): It is the same in the province of Ontario.

Mr. THORSON: It is true of all provinces, I imagine.

Sir EUGENE Fiset: Was not that the object of appointing these review boards in each district?

Mr. ARTHURS: They have not operated.

Sir EUGENE Fiset: I notice the witness, and the previous witness, did not mention these Review Boards at all.

Mr. BOWLER: That was the original suggestion of the Ralston Commission.

Sir EUGENE Fiset: I was under the impression that the recommendations of the Ralston Commission were embodied in a bill which was refused by the Senate.

WITNESS: Yes.

Sir EUGENE Fiset: You are abandoning that phase of the situation all together. You have not mentioned it, nor has the previous witness mentioned

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

the Review Boards and more frequent sittings in each of the larger centres. Which would be the cheaper, a review board, or the enlargement of the Appeal Board?

WITNESS: It is difficult for me to answer the question.

Mr. ARTHURS: Is there not another solution of the question, providing the Government cannot see eye to eye with the Committee. Could the quorum be reduced to two. There are at present seven members, and if there was a division the seventh man would have the decision as he would have in any event, leaving the seventh man in Ottawa.

Mr. THORSON: And if there was a quorum present—

Mr. ARTHURS: In the great majority of cases, there is no division, consequently there would not be any reason for the intervention of the third man.

Mr. BOWLER: The third man would not have the benefit of personal contact with the appellant.

Mr. ARTHURS: They could hold an extra sitting. As a general rule, if two hear the evidence, the evidence is pretty freely reported especially if they divide.

Mr. BOWLER: If the deciding factor was left with the individual who was not present at the time, and had no opportunity of sizing up the appellant, and judging his veracity, I think it would be tantamount to an appeal being heard where the man is not present.

Mr. ARTHURS: I am supposing that the Government does not see eye to eye with the Committee. In that regard, I think there should be a remedy. There could be a rehearing if there was a doubt. I am quite in line with your suggestion; I believe that would work out fairly well.

By Sir Eugene Fiset:

Q. As far as your object is concerned, would the reintroduction of legislation providing for a Review Board be satisfactory to the Legion?—A. It has never been tried. I fancy the Legion will not attempt to be dictatorial as to what procedure should be adopted.

Q. I am asking for your opinion.

Mr. THORSON: What would be the value of a district review board if they again were subject to revision by the Federal Appeal Board? Are you not duplicating the machinery of review by setting up district review boards, and sending cases from the District Review Boards to the Federal Appeal Board?

Sir EUGENE FISET: Not exactly. The point we are arguing is in regard to a larger division of the present Appeal Board. All the cases would have to be heard by the general Appeal Board, but if the cases reviewed by the Review Board in each locality and the evidence were sent to the general Appeal Board, how many of these cases would be accepted by the general Board of Appeal?

Mr. ARTHURS: Without a hearing? I doubt whether they have the power.

Mr. THORSON: There are Review Boards now. The power would have to be given to them.

Mr. ARTHURS: Effect was given to it but unfortunately, the provision was thrown out in another place.

The VICE-CHAIRMAN: The president of the Appeal Board is here, and it might be an opportune time to hear his views.

Mr. THORSON: May I ask one question before the witness finishes? Under the present situation, in the cases of pensions which are fluctuating, where persons are called up at frequent intervals for reboarding, and their pensions are changed from time to time, either raised or lowered, your suggestion would be

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

to provide for an appeal to the Federal Appeal Board in each case on each assessment, would it not?—A. Yes, it would. That is what the Ralston Commission decided, one appeal on each assessment, and each time the case was reviewed, the man would have a right to appeal.

By Mr. Arthurs:

Q. Have you many cases where men's pensions have been cut off because they did not appear before the Medical Board?—A. Yes.

Q. Have you many cases where it was due to mental disability, or partial mental disability? I have in mind two or three.

Mr. BOWLER: I have myself knowledge of such cases.

Mr. ARTHURS: In many cases these men are really sub-normal, and they get angry by the repeated requests, and perhaps leave the employment they would have, and lose it by going to Toronto or any examination point. I know of two cases where these men have been deprived of their pension altogether.

Mr. BOWLER: As a rule, you can get them reinstated. The difficulty is to get them to take it back to the date they cut it off.

The VICE-CHAIRMAN: Call Colonel Belton.

Sir EUGENE Fiset: Don't you think it would be better to get through with this witness?

Mr. BOWLER: In view of the discussion yesterday, and of what I submit now, we have nothing further to offer.

By Mr. Thorson:

Q. Your suggestion is that the jurisdiction of the Federal Appeal Board be in the widest terms, providing for an appeal from the decision of the Board of Pension Commissioners relating to pensions, where it involves the question of entitlement, where it involves the question of assessment or the exercise of discretion by the Board of Pension Commissioners under the various sections of the Pension Act— —A. That is what we recommend.

Sir EUGENE Fiset: Are you absolutely sure? It seems to me that when you first appeared before us the question of assessment was discussed, and you were undoubtedly in favour of leaving this question of assessment in the hands of the Appeal Board. You were still willing to leave it in the hands of the Pension Commissioners, on account of the fact they had full information to deal with the case. I am afraid some of your remarks will bear that interpretation.

Mr. BOWLER: With all deference, I do not think I am on record to that effect. We have consistently asked for the right to appeal on assessment.

Mr. THORSON: Would it be possible to make any distinction in the case of assessment between certain classes in respect of which there would be no appeal and classes of assessment on which there might well be an appeal to the Federal Appeal Board. Is there any dividing line or classification of assessment that the Legion might suggest on the question of an assessment on appeal?

Mr. ARTHURS: The soldier's adviser is appointed to do that work.

Mr. BOWLER: What happens in these cases is where a man claims an increase after commutation of the pension, it is really a question of assessment appeal. If he comes to the soldiers' adviser, application is made to the Pension Commissioners and, in a great many cases, the rating is established satisfactorily to him. It is in cases where he considers he can produce independent medical evidence to substantiate his own rating, or to substantiate the fact that his rating is too low.

Mr. THORSON: The suggestion I have in mind is this: I would like to have your view, if you care to express it. There might be an appeal on the

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

question of the assessment in a case where the pension has been fixed, but there might not be a case of appeal in the case of an assessment where the time is fixed for the applicant to reappear for reboarding. You might draw a distinction there, and allow the appeal in one case where the assessment has been finally fixed but not allow any appeal in a class of case where the applicant is required to reappear for reboarding. What would the Legion think of a suggestion of that sort, in that way perhaps limiting the jurisdiction of the Federal Appeal Board on the question of assessment. It really brings in the question of permanent awards in fixed disability. If a man has a gun-shot wound and is rated 40 per cent, and does not consider his disability is going to decrease, he has a right to apply to find out whether it is 40 or 50. Where a man is required to appear in six months for reboarding, and his pension is fixed at 60 per cent during the period, he comes up again for reboarding.

Mr. BOWLER: That would undoubtedly go a certain length in the direction we ask for. There is only one safeguard we would have to ask if he appeals and that is, to have a definite rating set for pensionable disability, and perhaps if subsequently there was an increase of disability, he should have the right to apply again for an increase.

Mr. THORSON: I am not suggesting he would be debarred from making further application to the board in cases of aggravation of the disability or increase of disability.

Sir EUGENE Fiset: I am afraid if all the suggestions are accepted, you are going to reduce the powers and the duties of the Pension Board to simply issuing pensions. If you open the door as widely as that, so far as assessments are concerned, I venture to say two-thirds of the present pensions will be appealed.

Mr. CLARK: Why should there be more appeals from a pension board than in an ordinary court of law. If the decisions are based on reason, there should be no greater percentage of appeals from the Board of Pension Commissioners than from the lower court to the higher court.

Sir EUGENE Fiset: The whole trend of the examination has been along the lines of complaining of the action of the Pension Board.

Mr. CLARK: My idea is that the wider you make the appeal, the greater will be the probability of reducing the number of appeals. You will get decisions based upon principles that are more uniform than at present.

Sir EUGENE Fiset: Once the cases have been reviewed.

Mr. GERSHAW: There are not as many appeals in courts of law because the man who appeals runs the risk of losing the costs. These cases do not exist here. The applicant has no opponent, and he runs no risk of being mulcted in costs. It seems to me that a larger number of men will appeal.

The VICE-CHAIRMAN: If the suggestion of Mr. Thorson were adopted, as it is directed against the findings of the Pension Board Commissioners, all they would have to do would be to make a temporary award.

Mr. THORSON: They could not do that because some cases are fixed cases, and other cases are cases of continuing or increasing disability. I think we may assume that the Board of Pension Commissioners will keep that in mind. I am just making a suggestion, because I realize that the question of appeals on assessment is one of the real difficulties, and we want to get legislation that will be put through and that will be effective in a large sense without encumbering the machinery unnecessarily.

Mr. BOWLER: Following up General Clark's remarks as to the number of appeals we would get: I am told that of all the cases that come before the Legion, only one-third are appealable. There would not be nearly the number

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

put in that could not be accepted. I should perhaps add that of the other two-thirds, the majority are settled by the soldier advisers of the Legion, with the Board of Pension Commissioners. It is only the remnants that cannot be settled and they would be taken care of by the suggested procedure.

Sir EUGENE Fiset: Is it not a fact that many cases have not been dealt with because there was no possible medium of appeal? I venture to say that one-third of the two-thirds of the pensions settled would be appealed in the future, if you give them power to do that.

Mr. BOWLER: Not necessarily. I do not think the average ex-service man takes the attitude that he is going to appeal on principle. He can be considered as fairly reasonable, and he understands when he gets what is approximately fair. I have found that to be so.

By Mr. Clark:

Q. You think he would be as reasonable as any other citizen?—A. Yes.

Mr. ARTHURS: I think a good deal of the dissatisfaction in the past was because the Board of Pension Commissioners would revise their decision, and that decision would reach the ex-soldier, and there would be no reason assigned.

Mr. BOWLER: That is quite true.

Mr. ARTHURS: Take the case of a man with a disability of 60 per cent. He would be told he had a pensionable disability of 20 per cent. This man was absolutely sound when he went overseas. The Board would only allow him 20 per cent as his rating in the labour market. That would not satisfy the ex-soldier, and it naturally causes a feeling of irritation on his part. He would not like the decision, as there would be no explanation given to him from a medical viewpoint.

Mr. BOWLER: Yes, that is very true, and it still exists to-day in a great many cases.

By Mr. MacLaren:

Q. In the event of an appeal being allowed on assessment, should not the claims be for a substantial amount? Very trifling amounts do not seem to warrant an appeal. If there is any arrangement like that suggested, I think it should be limited to claims of substantial amount to warrant the appeal. The appeal might be for a few dollars a month.

Mr. THORSON: The claim would always be for a substantial increase.

Mr. BARROW: There are two very important exceptions. One is from 75 to 80 per cent to bring a man into Classes 1, 2, 3, 4, and 5, and the other is where a man has it commuted, and a difference of one or two or three or five would put him into a class for re-instatement. These are, I think the two most important assessments, as they have a bearing on every section of the Act.

Mr. BLACK (Yukon): Is the Pension Board functioning satisfactorily to the returned soldiers' bodies?

Mr. BARROW: We are able to settle through the adjustment service of the Canadian Legion a great many claims, a very large percentage, that are brought in. These claims are largely due to the fact as has been stated, that the applicant is ignorant of the reason why he is denied something to which he thinks he is entitled. When a case is taken up with the Pension Board or the D.S.C.R., and no satisfactory explanation is forthcoming which satisfies the man that he is receiving a proper adjustment of the claim—and there are a great many of these, possibly more than one would think—or the man discovers the medical point in his claim, that is, a point that requires to be tightened up, after consideration we advise him where his claim falls down. If the claim is

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

well founded, the man frequently cannot get sufficient evidence to support it. There are a number of cases such as we referred to in the presumptive clause where fairly good evidence is obtainable to link it up with service, but there is a definite gap where the man was perhaps a stranger in town, and did not make friends who could give evidence, or a man who did not go to see a doctor, or where for some other reason he is unable to adduce evidence to tighten the point up. He is either satisfied or dissatisfied. He knows his claim is well founded, but is unable to prove it.

Mr. BLACK (Yukon): Would you answer "yes" or "no" to my question, whether the Board is functioning satisfactorily to the Legion, to your representative bodies?

Mr. BARROW: There are cases where we do not see eye to eye with the decision given.

Sir EUGENE Fiset: Would you add, perhaps, the word "numerous."

Mr. BARROW: There is an appreciable percentage of cases.

Mr. BOWLER: I do not think we are here to criticize the Board of Pension Commissioners. We are here to show you the class of cases for which we seek some remedy.

Sir EUGENE Fiset: I would like to know if the cases are really numerous. I am asking for information.

Mr. ARTHURS: I do not think that is fair.

Sir EUGENE Fiset: It would be evidence of the number.

Mr. BOWLER: I think the number of adjustments which could be made would increase if this were put into effect.

Mr. CLARK: What percentage of the appealable cases are adjusted now without appeal?

Mr. BOWLER: I would say, conservatively, sixty percent.

Sir EUGENE Fiset: Are adjusted without appeal?

Mr. CLARK: Without appeal.

Mr. BOWLER: But this should be made clear; that only after the appeal has been lifted, and after the soldiers' adviser has investigated, and after all possible evidence has been got together and re-submitted to the Board of Pension Commissioners. The Board of Pension Commissioners know there is going to be an appeal, and they have to decide then whether they wish to take a chance of being reversed.

Mr. THORSON: That is because of the provision that the case can be returned to the Board of Pension Commissioners on the finding of new evidence; it is in respect of those cases in which a number of cases are satisfactorily adjusted.

Mr. BOWLER: Some have been adjusted under that clause. That is the clause of last year, relating to the production of new evidence. Prior to that, the procedure was that the appeal had to be on the same evidence and record. That meant, that, after you had got your evidence together, it must go to the Board of Pension Commissioners before you could proceed, so that it would become part of the evidence and record.

Mr. THORSON: In other words, in practice, they allowed the introduction of new evidence, even before the legislation of last year.

Mr. BOWLER: True, but prior to the decision of the Appeal Board.

Sir EUGENE Fiset: The type of appeal had a great deal to do with the decision of the Board of Pension Commissioners?

Mr. BOWLER: That is a matter of inference, sir. I would be inclined to say that it has something to do with it.

(Mr. J. R. Bowler and Mr. F. L. Barrow.)

Mr. ILSLEY: I would not think that it would; it does not in the ordinary course.

The VICE CHAIRMAN: I find that the situation is this; the Appeal Board are prepared to appear before us on Monday, as that is when they were notified to be ready. I think that Mr. Barrow has some other subject he wishes to discuss.

Mr. BOWLER: May I put this on record, in regard to the question that was raised about the possibilities of trivial appeals on assessment. In Bill No. 255, an Act to amend the Pension Act, July 1924, passed by the House of Commons, dealing with appeals on assessment it says:

Upon the evidence and record upon which the Board of Pension Commissioners gave their decision an appeal shall lie in respect of any decision of the said Board of Pension Commissioners, provided that in cases of assessment appeals the appellant shall be required (a) to obtain the consent of an official soldiers' adviser before presenting his appeal; (b) to present certificates of examination from two independent qualified medical practitioners in the form of statutory declarations on approved forms which shall contain an estimate of the percentage of disability, and (c) that the estimated percentage of disability as set out in the certificates provided for shall indicate the appellant's condition to be at least two classes higher than he has been assessed by the Board of Pension Commissioners.

Mr. THORSON: You think that that would be an adequate safeguard against appeals on trivial points?

Mr. BOWLER: I would be inclined to think so.

Mr. BARROW: I do not think two classes higher would be adequate to take care of the two examples I gave just now.

Mr. THORSON: He must have at least two classes under this?

Mr. BARROW: Take the man with seventy-five percent disability; he feels he should get eighty, which is one class.

Mr. THORSON: I am glad you raised that point. There might be an exception also in the very low classes.

Mr. BARROW: Yes. Before leaving the Pension Act, I would like to refer the Committee to another matter which has not been included in the program which you have before you. I suggest that it be referred to as Section 29-X. It concerns Section 14 of the statutes, page 7. I will read Section 14. and it will make it clear where the difficulty is. (Reads):

A pension shall be awarded to or in respect of a member of the forces in accordance with the rank or acting rank for which he was being paid pay and allowances, at the time of the appearance of the injury or disease for which he is pensioned, or the appearance of the injury or disease which resulted in his death.

No variation of rank after the appearance of the disability shall effect any pension.

Any award of a pension heretofore made contrary to this section shall be reviewed and determined for the purpose of future payments, in accordance with the provisions of this section.

In cases in which, during the war, a member of the forces has voluntarily reverted from a rank which he held in the Canadian Expeditionary Force to a lower rank, in order to proceed to a scene of hostilities, the pension to or in respect of him shall be awarded in accordance with the rank from which he reverted, except when, previous to the appearance of his injury or disease, he has been promoted to a rank higher than that from which he reverted.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

It will be apparent to members of the Committee that the situation amounts almost to discrimination. Pensions, according to the scale, are uniform up to and including the ranks of sub-lieutenant, naval, and lieutenant, military. Therefore, as far as pensions are concerned, this matter affects officers. It is a question of the rank in respect of which pension shall be issued. Under the present law, a man may hold the rank of lieutenant, and be subsequently promoted to colonel, at which rank he is demobilized. The pension is awarded on the rank of lieutenant, provided he has not previously reverted. That man, after receiving a wound and having treatment, may or may not return to France. The pension is paid in respect of the rank that he held at the time he received the injury or disease.

Sir EUGENE Fiset: Is it not a fact that separation allowance for his wife, or family, or dependents, is still based on the rank that he held before he reverted?

Mr. BARROW: Yes, sir. The question resolves itself into two parts; the man who is promoted after receiving an injury or disease, and the man who reverts before receiving an injury or disease. The first part, which I have been discussing, covers the officer who is promoted after receiving an injury or disease. As I say, he may or may not go back to France. There are, no doubt, a number of cases where men accepted valuable staff positions, although partially disabled, instead of returning to civil life for re-establishment. It is suggested that it would be fair to pension these men at the rank at which they were demobilized, or the rank at which they were wounded, whichever is the higher.

Sir EUGENE Fiset: In all these cases, the question of pension has been settled in accordance with the rank that he held when he was wounded?

Mr. BARROW: We are dealing only with the men who were promoted after receiving an injury or disease.

Sir EUGENE Fiset: You do not answer my question.

Mr. BARROW: He is not pensioned until the time of discharge from the army.

Sir EUGENE Fiset: But there are cases where they have been pensioned.

Mr. BARROW: I do not think there are any cases of disability pensions where the award is made prior to the retirement or discharge from the C.E.F. I may be wrong on that.

Sir EUGENE Fiset: I know of cases where men have reverted to a lower rank and have been brought back to Canada and given a staff appointment here on active service, which is the same as in France. They were pensioned, and the pension was adjusted before they were promoted.

Mr. BARROW: I understand that other ranks are pensioned before enlistment in the permanent forces, and continue to draw disability pension during the service in the permanent forces. I do not believe that applies to officers. Perhaps that is the point you are thinking of.

Sir EUGENE Fiset: It applies to the widows. I think the Act has been amended to that effect.

Mr. BARROW: Relating to the permanent forces?

Sir EUGENE Fiset: Yes. I know of widows who are drawing pensions at the present time, disability service pensions and long service pensions.

Mr. McPHERSON: If a major reverted to a lieutenantancy and was wounded, under the present Act he would draw a pension as major. If, however, he reverted to a lieutenantancy, and was wounded, and before he was demobilized he was made a colonel, then he does not draw a pension as a colonel?

Mr. BARROW: No.

[Mr. J. R. Bowler and Mr. F. L. Barrow.]

Mr. ARTHURS: The point is that where a man, for meritorious action in the field, is made an officer, but is wounded while he is a private—probably the wound being the cause of the promotion, the wound which he then received as a private would only entitle him to a pension according to the rank which he held at the time he was wounded. It is unfair, but it is true.

The CHAIRMAN: A Captain Marsden has written to the Secretary of the Committee, submitting his case. I think it would be a type case. He also makes a suggested amendment. (Reads):

I am an ex-officer of the C.E.F. I enlisted August 5th 1914, in the Princess Patricia Canadian Light Infantry my Regimental Number is (1). I was promoted to Regt. Sgt. Major, and after a few months was transferred to the 38th Battalion. Whilst serving in that Battalion as Regt. Sgt. Major I was wounded and Shell Shocked at Vimy Ridge in April 1917. After being invalided to Canada I was promoted to Commissioned Rank for Service in the Field, served as a Captain in Canada, England, Siberia, and Russia on my return I was invalided and granted a pension, which I am now in receipt of. The injustice which I ask to be remedied is that part of the Pension Act which states a pension shall be awarded in respect to the rank held at the time of disability appeared. My contention is, according to the present wording of the Act a Soldier who showed aptitude with efficiency and earned promotion is discriminated against. The Act could be amended to include cases like mine without injustice to any other class. I am enclosing with my petition an amendment for your consideration which I humbly submit. Although I served for over 2 years as a Captain after my disability occurred I am only drawing the pension of other Ranks.

In addition to other war medals I have been Decorated with the Military Cross, Distinguished Conduct Medal and Meritorious Service Medal.

Trusting my petition will receive due consideration, and thanking you in anticipation, I have the honour to be, Gentlemen.

Your obedient Servant,

W. H. MARSDEN,
Captain.

Section 14 of the Pension Act of 1919, Geo. V. Chapter 43 be amended to read as follows:—

14. (1) A pension shall be awarded to or in respect of a member of the forces in accordance with the rank or acting rank for which he was being paid pay and allowances at the time of his discharge, or at the time of the appearance of the disability for which he is pensioned or the appearance of the disability which resulted in his death, whichever is the greater. Any award of a pension heretofore made contrary to this Section shall be reviewed and determined for the purpose of future payments in accordance with the provision of this Section.

Mr. BARROW: He should have "retirement or discharge" in there, and instead of the word "disability", "injury or disease". I think that would suit the case very well. The other point in the same section deals with the question of reversion. If a man reverts from a rank which he held in the C.E.F., to proceed to a centre of hostility, he is given credit for that rank for pension purposes. That overlooks the class of officers and men—the principle applies, to some extent, to the pay and allowances from the D.S.C.R. when under treatment—who revert from a rank in the active militia in order to enlist in the C.E.F. They still have in mind the purpose, presumably, of proceeding to a

Mr. J. R. Bowler and Mr. F. L. Barrow.]

centre of hostility, and they are not provided for. I have a brief resumé here of a case illustrating that point rather well. This man enlisted in 1896, approximately, as a private. In 1900, he was transferred to another regiment, and in 1905 received a commission in the same regiment. In 1914, he was major, second in command of the same regiment. In August, 1914, he proceeded to Valcartier, and was taken on the strength as a lieutenant, and the regiment mobilized to proceed overseas. In April, 1915, he went to France with this regiment as a lieutenant. In November, 1916, he returned from France to Canada, and in the same month was promoted to lieutenant-colonel, to form another battalion and take command. In 1917, he proceeded to England, and in the same month the battalion was broken up, and the officer commanding transferred to a unit in France as a major. In 1918, he returned from France as a major, and in November, he was demobilized as a lieutenant-colonel, and appointed to command the unit to which he transferred in 1900. He remained in command from November, 1918, to November, 1919, when he was transferred to the reserve as a lieutenant-colonel. The peculiar point about this man's case is that he contracted intestinal flue, which caused a pensionable disability, and he contracted it on Salisbury Plains in 1914, when he was a lieutenant. Had he had the disease on his second trip over, when he was in command of the unit as lieutenant-colonel, he would be all right. As it is, he is pensioned as a lieutenant, although he reverted from the rank of major in order to enlist in the C.E.F. We submit that these cases should be deemed to come under the provision of subsection 4, of section 14, and that the words "or the active militia" be inserted after, "Canadian Expeditionary Forces".

Sir EUGENE Fiset: I suppose you realize that at least two-thirds of the officers that joined any regiment on organization, either at Valcartier or elsewhere, were not only compelled, but voluntarily reverted and abandoned their rank, and got a new commission on active service?

Mr. BARROW: Yes, it was a voluntary reversion.

Sir EUGENE Fiset: Not only a voluntary reversion, but it was a well known fact that the new commissions were absolutely new. The commission had nothing whatever to do with the rank that they held in the Canadian militia. These officers were offering to go overseas in any capacity. They knew that they were going to get new commissions, independent of whatever rank they had had in the militia. There was no other possible way of organizing such a force. I cannot possibly see how this Committee can be asked to make a recommendation that would have so wide a retroactive effect.

Mr. BARROW: If it is an entirely new commission, it would not, of course, come under the subsection.

The VICE CHAIRMAN: The point is, that he reverted to the rank of major prior to the war; he took command as a lieutenant in the Canadian Expeditionary Forces.

Mr. BARROW: Yes, and he was promoted from lieutenant to lieutenant-colonel.

The VICE CHAIRMAN: I think the general law has only considered the rank, as in the Canadian Expeditionary Forces, and has not gone behind that, as to the military standing of the men.

Sir EUGENE Fiset: I am not putting any objection in the way, but I do not think the militia rank should be mentioned in this recommendation.

Witnesses retired.

The Committee adjourned until Thursday, March 8, at 11 a.m.

MONDAY, March 12th, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock, a.m., the Chairman, Mr. C. G. Power, presiding.

F. L. BARROW and J. R. BOWLER recalled.

MR. ADSHEAD: There was one point in connection with the pensions which was brought up at the last sitting, in connection with the pension of a man who had reverted to a lower rank, and with your permission I would like to ask one question of the witness.

The CHAIRMAN: Certainly.

By Mr. Adshead:

Q. Mr. Barrow, I understand you to say in connection with the pension for, we will say, a leg amputation, or something of that sort, that a man who had reverted to a private, when his pension arrived, received the pension to which he would have been entitled by his previous rank.—A. Provided in the meantime he had not been promoted to a higher rank.

Q. Supposing a private lost a leg and a colonel lost a leg, would the colonel's pension be larger than the private's?—A. That is true.

Q. Can you give any good reason why a colonel's leg is more valuable than a private's?

The CHAIRMAN: That was discussed at considerable length and with great acrimony for a good many years.

MR. ADSHEAD: I am a newcomer here, and I want to know why this should be.

By Mr. Adshead:

Q. Do you know of any good reason?—A. I can only say that I do not think the man who draws the lower rate is complaining of the man who draws the higher.

Q. But the wound and the disability is as great.

The CHAIRMAN: At every convention of the G.W.V.A. held from 1917 onward, resolutions were passed—strong resolutions—asking for equality of pensions. The matter was discussed here and in the House.

MR. ADSHEAD: I can see where the work of a colonel and a private in the army is vastly different, but for the life of me I cannot see, in cases where they both lose a leg, why for a similar wound and a similar disability, one not suffering more than the other, the pension should not be equal.

The WITNESS: I do not think there is any good reason; if there is one I have never heard of it.

I want to add to what I said in regard to section 14 of the Statute at the last sitting, that the proposed amendment which the Chairman read into the record would appear to fairly well cover the point we are raising, except that

subsection 2 would require a slight amendment to bring it into line. Subsection 2 provides, "No variation of rank after the appearance of the disability shall affect any pension". That is a continuation of the suggestion made on page 255 of the record.

MR. BOWLER: Mr. Chairman, I wanted to refer to proposal 31 of the Canadian Legion's memoranda in regard to the time limit for filing notices of appeal. At the present time the statute reads that the appeal must be lodged within one year from the date of the decision complained of. I notice in the proposed new bill there is a clause which will go considerably farther.

The clause says that there should be the right of appeal until the 31st of December, 1928, and that in all cases an appeal may be lodged within two years from the date of the decision complained of. So that should work out very well I think.

MR. ROSS (Kingston): I quite agree on the limitation of the appeal in this case. But suppose a man is trying to get some new information; sometimes he has to go all over the world for it, and during that time he has to make the choice between putting in appeal or putting in the new information. You protect yourself by entering an appeal, but that does not force you to go on until you are ready?—A. No, sir.

Q. You have the chance of submitting to the Pension Board any new information you may have been able to obtain?—A. Yes.

Q. For due consideration by them?—A. Yes.

Q. And before the appeal?—A. Yes.

Q. I know one man who took more than two years to get the information?—A. We do not propose to change that right.

Q. But you will, according to what you have said. If he fails to get the information he expected to get, and then is limited in point of time and the time for the appeal has expired, he is down and out?—A. Perhaps I did not make myself clear. At the present time a man must enter an appeal within one year of the decision complained of. The proposed amendment says he shall have up to the end of this year, that is, two years from the decision complained of.

Q. Better cut it out altogether?—A. We are willing. It goes much farther than the present system. On principle, we advocate that the time limit should be cut out.

By Sir Eugene Fiset:

Q. Are the members of the Board of Appeal not appointed for a stated number of years?—A. Yes.

Q. What is the use of limiting the appeal if the organization of the Board itself is limited to a number of years? That should be the limitation of the appeal?—A. In any event, the point I wanted to bring out in relation to this recommendation is in regard to cases where notice of appeal has been given to an official soldiers' advisor, and where for some reason or other it has not been possible to transmit the appeal to the Appeal Board within the time limit.

By Mr. Ross (Kingston):

Q. We have this method. We have considered a case, and it is now before you for appeal. If you do not do it within a year after that, you are out. A man submits to the Appeal Board, and that is final. You are done, but sometimes he has an idea he can get some further information.

The CHAIRMAN: New evidence?

MR. ROSS (Kingston): Yes, new evidence.

By the Chairman:

"Q. If he gets the new evidence, he can reopen it within a year?—A. After the decision of the Appeal Board.

[Mr. F. L. Barrow and Mr. J. R. Bowler.]

The CHAIRMAN: I would like to have the present system explained over again.

Mr. ROSS (Kingston): As I understand the present system, I am against it, and I am against the new one. There should be no limit. That is my point.

Mr. BOWLER: We would quite agree with you on that. We have always advocated that there should be no time limit, but instead of doing away with a time limit, they keep on extending it to two years. What we are asking for in this recommendation No. 31 is, that the notice of appeal to an official soldiers' advisor, shall be considered as a notice of appeal to the Federal Appeal Board.

By the CHAIRMAN: Do you mean notice in writing or verbal notice?

Mr. BOWLER: Verbal notice is sufficient because the soldier's advisor would immediately make a record of it.

Mr. MACPHERSON: That would only be of value if they did not take out the time limit?

Mr. BOWLER: If an appellant himself consults the soldiers' advisor and gives particulars of his claim, it should be considered as a notice of appeal.

Mr. BLACK (Yukon): The soldiers' advisor gets his instructions from the soldier?

Mr. BOWLER: Under the present practice or the present system, an appeal is not considered to be listed until it has been received by the Appeal Board at Ottawa.

The CHAIRMAN: Is this to cover one special case?

Mr. BOWLER: I could not tell you that. There are no cases to my knowledge here, but I have heard of cases elsewhere.

Mr. ADSHEAD: There must be a class of cases to which it would apply.

Mr. BOWLER: There may have been cases like that, where they have been neglectful.

The CHAIRMAN: If they have been neglectful in putting in an appeal, they should be fired.

Mr. MACLAREN: I think it should be a written notice. Verbal notice would give rise to a great deal of controversy.

The CHAIRMAN: A soldier might meet the soldiers' advisor on the street and tell him there.

Mr. BOWLER: If a man goes in to the soldiers' advisor, says he wants to appeal his case and is given an appeal form and he completes it, and it is sent to Ottawa, and it did not get here until two or three days later, it might put him outside the appeal limit.

Mr. MACLAREN: He must fill in a written appeal?

Mr. BOWLER: That is not laid down by statute, but that is the practice.

Mr. MACLAREN: You would be agreeable to continuing it, that the notice should be in writing to the soldiers' advisor?

Mr. BOWLER: I would say so.

The CHAIRMAN: There should be a few days' grace, so that the letter might reach Ottawa, say, from Vancouver. That is the suggestion here.

Mr. BARROW: In proposal No. 32, we are asking that provision should be made for dental treatment of pensioners and the extension of such treatment wherever the medical examiner finds reasonable hope that such will aid in the improvement of the disabling condition. The situation in regard to dental treatment is not very satisfactory. Under the present regulations, a man may have had dental treatment if he has had a direct dental injury during service, and the treatment is certified by the D.M.S. in connection therewith; also if he is certified by the D.M.S. to be suffering as a result of a recurrence of

an infection which occurred on service; also when he is under treatment for pensionable disability, if it is certain that dental treatment is necessary for the service condition. There are a number of cases where a man goes to the local officer for a routine medical examination, for pension purposes. The medical examiner tells him that he should have his teeth fixed. Presumably he tells him that because it will have some bearing upon the pensionable disability. We find it is seldom that when dental treatment is authorized by the D.M.S. it is carried out by the D.S.C.R., and it generally devolves upon the man to make arrangements for private inspection. We feel that where a medical examiner reaches the conclusion that dental treatment would have some bearing, either to reduce the pensionable disability or to prevent it, his recommendations should be given consideration forthwith. I believe that where the Director of Medical Service is satisfied that dental treatment will actually reduce pensionable disability (it might be on account of stomach difficulties) he should be given every opportunity of finding out.

The Ralston Commission made a recommendation, which is to be found on page 81 of the final report, part 2, in July, 1924, as follows:

That dentures supplied as part of treatment for a disability connected with service be maintained and renewed by the D.S.C.R. except where such maintenance or renewal has been made necessary by the negligence of the applicant.

That does not have a direct bearing upon the question, but it is of interest to note it in connection with the dental situation.

Now, regarding No. 33, which deals with the unpaid balance of treatment pay and allowances; I understand there is something in the proposed new Bill about that, and perhaps before we say anything about it, Mr. Scammell can tell us what the practice is, and what it should be. It might have a bearing upon our recommendation.

Mr. SCAMMELL: I do not understand the reason for this regulation at all. It has always been the policy of the department to treat unpaid balances as part of the estate. I do not understand the reason for this;

Mr. MACLAREN: What is the proposed change?

Mr. SCAMMELL: (Reads):

That any unpaid balance of treatment pay and allowances due to a deceased member of the forces shall be deemed to form part of his estate, when he leaves a will; further, that, in the event of the deceased leaving no will, such balance shall be paid to his widow or dependants or to any other person who has been maintained by him, or who has maintained him, to the amount expended on maintenance, or it shall be applied in payment of the expenses of his last sickness or burial, provided only that first application for entitlement to pay and allowances shall not be lodged after his death, except on behalf of a dependent relative.

The procedure, Mr. Chairman, is this, that when a man dies, on our strength, the balance due for pay and allowances or war service gratuity due to him is turned over to the records of the Department of National Defence. The Director of Records is able to administer the estate without cost to the beneficiaries or dependants. The matter is dealt with as a routine matter and is put through by the Records Branch in that way.

Mr. BOWLER: I think we will have to ask permission to defer this clause. I am not sure that we want to change the present practice at all in regard to treatment.

The CHAIRMAN: It brings up the question of the administration of estates?

Mr. BOWLER: Yes.

[Messrs. F. L. Barrow and J. R. Bowler.]

The CHAIRMAN: Estates are under the civil control of the provinces.

Sir EUGENE Fiset: Are you acting under a statutory provision or under regulations?

Mr. SCAMMELL: We are acting under the Regimental Debts Act, which is used in this country, I think with the concurrence of the provinces.

Sir EUGENE Fiset: You will be liable to get into trouble all over the country, I am afraid.

Mr. BOWLER: I think the system is working fairly satisfactorily.

Sir EUGENE Fiset: You are saying that you are acting under the Regimental Debts Act. Have you made a regulation in your own department, Mr. Scammell as to the provisions of the Regimental Debts Act?

Mr. SCAMMELL: By Order-in-Council.

Sir EUGENE Fiset: What these gentlemen want is an amendment of the regulations?

Mr. BOWLER: No.

The CHAIRMAN: There is no statute with regard to treatment, is there?

Sir EUGENE Fiset: Therefore, this is simply an amendment to the regulation that you are speaking of?

Mr. BOWLER: I think in view of the discussion, we would ask permission to defer this.

Mr. BARROW: Proposal No. 34; that a member of the Forces classified as out-patient No. 1 and requiring a special diet shall be entitled to a larger allowance for that purpose, not exceeding \$180 per annum. We had some discussion on the question of the dieting allowance, from the Pension's point of view, under Proposal No. 12. At that time, some members of the Committee expressed a desire to hear a special case. I have an interesting letter from the Secretary of the Branch of the Canadian Legion at Christie Street Hospital, Toronto, which gives some figures, and if I may, I will read part of it. This man, who has a chronic stomach condition and has tried every diet possible under the direction of the specialist named (blank) has been on the following diet during his last hospitalization here. (Reading):

- 1 Quart of 32 per cent cream per day.
- 1 Quart of 16 per cent cream per day.
- 1 Quart of milk per day.
- 3 fresh eggs each day.

It is the opinion of the doctors that he will be far better if he leaves the hospital environment. He is a married man with three children, and is in receipt of 100 per cent pension amounting to \$137 per month, when outside. He has been strongly recommended to continue the diet he has been on while in hospital. This will cost as follows: (Reading):—

	Per day
1 Quart of 32 per cent cream.. . . .	\$1.12
1 Quart of 16 per cent cream.. . . .	.56
1 Quart of Milk.. . . .	.14
3 fresh eggs.. . . .	.15
	<hr/>
	\$1.97

or a total of \$59.10 for a thirty-day month. (Reading)

"If he does not take his full diet, he suffers intense pain. Relief from pain results from filling what is left of his stomach. This occasions him taking one glass of the cream and milk mixture every hour. His stomach wakes him during the night, therefore, he has to drink this mixture during

the night as well. During the night-time he was out of the hospital, owing to the expense, he tried to cut down on the diet, but was re-admitted in a serious condition and was subjected to transfusions of blood. His physical condition is such that a further relapse will certainly endanger his life."

This case would appear to merit a special allowance in addition to pension.

The CHAIRMAN: What is his pension?

Mr. BARROW: One hundred per cent, which brings him in \$137 per month. He has a wife and three children.

Mr. ADSHEAD: That is a special case. It would hardly illustrate the general run of cases.

Mr. BARROW: His family would not live on the cream and milk. He drinks \$59.10 worth of cream and milk in a month, except for the three fresh eggs.

Proposal No. 34 is simply in line with proposal No. 18. No. 34 dealing with a man on out-patient allowance; and No. 18 a man on pension.

The CHAIRMAN: Can you give us some idea of what these out-patient allowances are?

Mr. BARROW: I can tell you what that man's allowance will be.

Mr. ADSHEAD: Your suggestion that he get \$180 per annum would not cover that case if he requires \$59 a month.

Mr. BARROW: It would eke out the pension for out-patient allowance. A married man, with a wife and three children, out-patient allowance Class 1, would be \$4.50 a day.

Proposal No. 35 that free medical treatment be awarded for all pensioners in classes one to six inclusive. This is asked on similar grounds, in conformity with the present law that a man in classes one to five who dies——

Mr. ADSHEAD: You have dropped six have you?

Mr. BARROW: We have one to six, carrying to 75 per cent.

Mr. ADSHEAD: But, you dropped No. 6. I have got it marked here "dropped".

Mr. BOWLER: That is suggestion No. 35.

Mr. BARROW: Proposal No. 35.

Mr. ADSHEAD: That is classes one to six, have a pension.

Mr. BARROW: Yes, from 75 to 100 per cent. I was saying that the present law gives entitlement to the widow of a man who dies from any cause if he is pensioned in classes one to five. That, presumably is based on two grounds: Firstly, that it is difficult to dissociate in many cases the cause of death from the pensionable disability. And secondly, that a man who is so seriously disabled has difficulty in making provision for the maintenance of his dependants after his death. The same grounds apply, we think, in this proposal; that a disease incurred by a pensioner of such a high rate would be difficult to entirely dissociate from the pensionable condition, even if there was no direct connection between the pensionable condition and the new disease; yet, there would be a weakening of resistance suffered by a man in 75 per cent or over. And thirdly, that the question of his serious disablement would so seriously hamper his earning power in the majority of cases, that he would not be able to afford the best medical attention. We therefore ask that D.S.C.R. treatment be provided.

The CHAIRMAN: What about the last suggestion, that you think that the pensioners in classes one to six should obtain a much higher pension? What is the use of asking for all these frills? Why don't you just say you want them to get a higher pension, that the pension they are getting at the present time is not

[Messrs. F. L. Barrow and J. R. Bowler.]

sufficient. At every suggestion they will say they cannot leave enough—or cannot make enough money to leave something to their dependants. Why not come right down and say you want an increased pension for them?

Mr. BARROW: An upward revision of pension might take care of a lot of their difficulties.

The CHAIRMAN: You are asking for what amounts to the same thing. It would possibly be cheaper to give a ten per cent increase all round than to give free medical treatment and have a whole staff of doctors to look after them, would it not?

Mr. BARROW: I do not know how the question of cost would come in there with the departmental institutions.

Mr. BOWLER: The question of public policy should be considered when you get a seriously disabled ex-service man and he becomes old. It does not look very well if he has to go into a charity ward in the hospital. The public believe, you will find, that there is provision for that man to be taken care of in a D.S.C.R. hospital. As a matter of fact, there is not. This proposal would ask that the more serious cases, from 75 per cent up, be allowed to be taken care of in a D.S.C.R. hospital, if they require medical treatment. I happen to know of a case in Winnipeg just recently, where a man was 90 per cent disabled, and was drawing a pension of 90 per cent. He became seriously ill with a non-pensionable condition, and he was rejected by the D.S.C.R. for treatment. Eventually he was taken in, perhaps by a dispensation from the minister, but it was only after public bodies and people prominent in the city had made representations on his behalf.

Sir EUGENE Fiset: Is there provision in the regulation to take care of those cases?

Mr. BOWLER: I think, if you stretch the regulation there might be. I know if a man is not able to get that public opinion behind him there might not be. For instance, this chap belonged to the Masons, and he had them working for him. He had his own regimental association working for him; and he had a lot of influential friends bringing pressure to bear on his particular case. Eventually he got in, but the average man could not get in.

Mr. ADSHEAD: You mean that there is more particular pull from some directions than others?

Mr. BOWLER: I would not like to call it "pull".

Mr. ADSHEAD: You called it "influence being brought to bear."

The CHAIRMAN: His case is brought to the attention of the public, and put in a better light and then he has more chance to get in.

Mr. ADSHEAD: Surely it ought not to require public opinion or influential people to bring influence to bear on the department, apart from the merits of the case. Because he is able to bring to bear certain influence this man will get it, and the other will not, though they are equally meritorious, is that the idea?

Mr. BOWLER: I think the case I have mentioned provides a very strong argument that they should be treated all alike.

Mr. ADSHEAD: If it is as stated, I will do what I can to abolish it.

Mr. BOWLER: That case took about two weeks before we could get the department to take him in.

Sir EUGENE Fiset: Perhaps Mr. Scammell could throw some light on that matter.

Mr. BARROW: Before leaving the question of treatment, there is another matter we would like to bring before you, and I suggest it be referred to as

[Messrs. F. L. Barrow and J. R. Bowler.]

Suggestion 35x referring to Order in Council 129, June 25, 1927. This is not on the program. It is a Supplementary.

Mr. MACLAREN: You have not the Supplementary statement?

Mr. BARROW: No, we have just this one to add, "under treatment." I think I can explain it. I have only one, under treatment. On the 25th of June, 1927, Order in Council 129 was passed. This takes away the right to treatment for a pensionable disability of the sequelae of syphilis. We put in some evidence under Proposal No. 7 of our program, where we asked that entitlement to treatment should be granted for a pensionable disability as to any other pensioner. It has always been a basic principle of pensions and treatment, that treatment shall be given for a service disability, and we consider this a grave encroachment on that principle. The question of the origin of the disease hardly enters into the argument. The disease was aggravated during service. A service connection was recognized by the grant of a pension. Hitherto, the man who had a pensionable disability, due to misconduct, was given treatment with pay and allowance, but in last June that right was taken away. We have made inquiries and as far as we can find, the reason for that was to even up the manner of dealing with the man who contracted venereal infection prior to enlistment, and suffered service aggravation, and the man who contracted venereal infection during service. The Order in Council provides now that treatment only shall be given to men who contracted venereal infection during service, but you will notice that in evening it up, the department has taken away a right that existed with a fairly large class and thereby has put them on a different basis. This is causing some distress and some hardship, and by "hardship" I include the case of a wife who has settled down to home life and is obliged to go back to work. There is a case in this very building of the wife of a major who is now under treatment, and she had been obliged to earn her livelihood again. This Order in Council might be changed over night, and we hope that the Committee will recommend that this class shall be put back on the previous basis, and that the right of treatment with pay and allowance for pensionable disability shall not be interfered with.

Mr. MCPHERSON: The Order in Council took away the right to treatment and pay and allowance for those who contracted the disease before they went into the service.

Mr. BARROW: And who were pensioned for service aggravation. The clause is rather long, but I would like to have it in the record, and perhaps I may get permission to pass the clause over to the reporter to be put into the record without reading it—unless you would rather hear it.

Sir EUGENE Fiset: May I ask if steps have been taken by the Legion in this regard?

Mr. BARROW: Steps have been taken by the Legion, but I think it is only fair to add that some of the men approached in the department have been rather new to the job. May I put this clause in the record?

The CHAIRMAN: Certainly.

Mr. BARROW: (Reading).

(13) In any case in which the Board of Pension Commissioners has awarded a pension in respect of venereal disease contracted prior to enlistment and aggravated during service the Department may provide in-patient treatment, when necessary, for a sequelae of such disease subject to the following regulations:—

(a) The said pension when referred to in this paragraph shall include pension paid in respect of dependents and shall mean any pension awarded under the provisions of Section 12 of the Pension

[Messrs. F. L. Barrow and J. R. Bowler.]

Act, plus any pension awarded in respect of a disability attributable to service, but shall not mean any allowance granted under subsections (3) and (4) of Section 27 of the Pension Act.

- (b) If treatment is granted for a former member of the forces without dependents partial cost of his maintenance in hospital up to Forty dollars (\$40) per month may, at the discretion of the Board of Pension Commissioners and the Department, be paid to the Department from the said pension. Of the sum so paid to the Department Three Dollars (\$3) per month shall be repaid or allowed to him in order to provide comforts, etc., and Seven Dollars (\$7) per month, or such lesser amount as may be necessary, shall be credited to him on the books of the Department for the provision of such clothing as he may require.
- (c) With Dependents—Non-Mental Cases.

Former members of the forces who are married or who have a dependent or dependents may be divided into the following classes:—

- (i) Those in respect of whom the said pension is less than the special dependents' allowances set forth in Clause 4a hereof.
- (ii) Those in respect of whom the said pension is equal to or greater than the special dependents' allowances set forth in Clause 4a hereof, but less than the allowances set forth in Clause 4 hereof.
- (iii) Those in respect of whom the said pension is equal to or greater than the allowances set forth in Clause 4 hereof.

If treatment is granted to a former member of the forces with a dependent or dependents the following procedure shall be adopted, based upon the foregoing divisions:—

- (i) There may be paid to the wife or dependent, or dependents, in case of actual need, the full amount of the said pension, or at the discretion of the Department, the full amount of the said pension plus the difference between it and the special dependents' allowances set forth in Clause 4a hereof and there shall be paid or allowed to the said former member of the forces himself the sum of Three Dollars (\$3) per month in order to provide comforts, etc., and any clothing he may require shall be provided by the Department up to a value not exceeding Seven Dollars (\$7) per month.
- (ii) There may be paid to the wife or dependent or dependents, in case of actual need, the full amount of the said pension, or at the discretion of the Department and the Board of Pension Commissioners the amount of the special dependents allowances set forth in Clause 4a hereof, when the difference between the special dependents' allowances and the amounts of the said pension shall be applied towards any clothing or comforts issued or any amount in respect thereof paid or allowed to the said former member of the forces by the Department, and the amount so applied shall, if insufficient, be augmented by the Department so that there may be paid or allowed to the said former member of the forces himself the sum of Three Dollars (\$3) per month in order to provide comforts, etc., and that any clothing he may require may be provided by the Department up to a value not exceeding Seven Dollars (\$7) per month.
- (iii) There may be paid to the wife or dependent or dependents in case of actual need the full amount of the allowances set forth

in Clause 4 hereof, or at the discretion of the Department and the Board of Pension Commissioners such lesser amount, as may be deemed necessary, when the difference between the amount paid to the dependent or dependents and the amount of the said pension shall be applied towards any clothing or comforts issued or any amount in respect thereof paid or allowed to the said former member of the forces by the Department, and the amount so applied shall, if insufficient, be augmented by the Department so that there may be paid or allowed to the said former member of the forces himself the sum of Three Dollars (\$3) per month in order to provide comforts, etc., and that any clothing he may require may be provided by the Department up to a value not exceeding Seven Dollars (\$7) per month.

(d) With Wife or Dependents—Mental Cases.

The provisions of sub-paragraph (c) of this paragraph shall apply except that there shall be substituted for the words and figure "the allowances set forth in Clause 4 hereof" the words and figure "the allowances provided for in Clause 9 hereof."

In regard to the Pension Act, without reading the clause, the Order in Council provides this:—

If treatment is granted for a former member of the forces without dependents, partial cost of his maintenance in hospital up to forty dollars per month may, at the discretion of the Board of Pension Commissioners and the Department, be paid to the Department from the said pension. Of the sum so paid to the Department, three dollars per month shall be repaid or allowed to him in order to provide comforts, etc., and seven dollars per month, or such lesser amount as may be necessary, shall be credited to him on the books of the Department for the provision of such clothing as he may require.

Sir EUGENE Fiset: When the Department was approached by the Legion, what reasons were given to the Legion for that Order in Council?

Mr. BARROW: The only reason that we have been able to find out, is that it was desired to put these men on the same basis as the men who had contracted infection during service. We, naturally, have no objection to that, but we do object to the right to treatment pay and allowances being taken away. If the Department approves the principle, and will pay the man who contracted venereal infection during service, and the treatment pay and allowance basis is carried out, we would be satisfied to do that.

Sir EUGENE Fiset: It is the difference between the two classes that you object to?

Mr. BARROW: We object to any rights to treatment being taken away from the man with a pensionable disability.

Mr. SCAMMELL: Perhaps I might add a little explanation here? I am not taking issue at all with what Mr. Barrow has said. I would, however, explain that the amendment was made under the Order in Council to bring the aggravated cases—the man who contracted venereal disease prior to enlistment and was pensioned for aggravation—in line with the Pension Act. According to the Pension Act, no increase in disability subsequent to discharge is pensionable. When a man is placed on pay and allowances for that disability, it is tantamount to an increase in pension. It has been considered that the treatment regulations should be in line with the Pension Act, and that was the reason for the amendment to which Mr. Barrow referred.

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. BARROW: In connection with what Mr. Scammell has said I would like to point out that if a man is pensioned at the rate of ten per cent for an aggravation of a heart condition, and is one hundred per cent disabled; or pensioned at the rate of twenty per cent, one hundred per cent disability, that, there again, he would get no increase in pension. No one would think of denying him treatment, with pay and allowances, for the aggravated disability, but an increase in pension would be impossible, because the man is one per cent disabled. The ruling of the Board of Pension Commissioners, in such a hypothetical case, was one-fifth.

Mr. BOWLER: I think that one of the points in which the Legion is particularly concerned, is this: that as a result of the Order in Council, men with families, who have been drawing pay and allowances for a considerable period, have been cut off and find themselves practically destitute.

Mr. BARROW: I will read a couple of paragraphs from a letter that I have here. This is from the Provincial Secretary of The Canadian Legion in Ontario, at Toronto. I can give the name mentioned here to any interested party. (Reads):

Some three years ago, you may remember, considerable difficulty was experienced in establishing the claim for pay and allowances for the wife of the above noted man, at present a patient in Westminster Hospital. Since that time, Mrs.....has been in receipt of P. and A., but no allowance cheque was forwarded in December last, and no notice whatsoever given her that the P. & A. had been discontinued.

On making inquiries at Christie Street hospital, we ascertained that the patient has now been classified "7", pensionable for aggravation, and as such, is not on P. & A. Also, that in correspondence on file, November, 1927, the following was noted: "No P. & A. will be paid to the dependent wife, as she is in receipt of a salary in excess of the amount of allowance, under clause 4a."

That is an example of what is happening.

There is another case of a man in the States. The American Legion communicated with us on this. I have the file for this case here. He was awarded entitlement for aggravation by the Board of Pension Commissioners. He was admitted to hospital, and his dependents had to seek charity. There, again, it is difficult to explain to the Legion in another country how pay and allowances should be refused for a pensionable disability.

There is another point that I would like to mention, and that is, where the pension is so small, and where actual need is proven, special dependents' allowances are granted. Those rates may be fairly satisfactory when a man comes in for a short period of observation. We do not admit that they are, but they do, at least, help to tide over the immediate difficulty. But where a woman has to plan her family budget for the year on special dependents' rates, it is a rather discouraging task.

Mr. ADSHEAD: Would that take care of the ex-service man who was going down for special treatment to a hospital; had been hospitalized and was going down to take special treatment, but had no money to pay his room and board at the hotel in the meantime? I have a case here which was sent to me this morning from the Canadian Legion in Calgary. This case has been referred to the Mayor of the City. The letter reads as follows:—

This ex-service man was discharged with pension of ten per cent which he commuted in 1920. Since then he has existed by getting odd jobs, but nothing of a permanent nature. He claims that he takes spells and

[Messrs. F. L. Barrow and J. R. Bowler.]

goes out of his head, and on one occasion was thrown into jail and accused of drinking, yet he claims he does not drink. He has had two months hospitalization at the S.C.R. Hospital in Edmonton, prior to being sent down to Calgary for special examination. He has been a month in Calgary, and during that time has had three of his spells.

During the whole period of three months, he has had no allowance whatever for personal comforts, and upon discharge was not given anything to take care of himself while en route to the Edmonton S.C.R. After explaining this situation he was finally given a dollar. He left Calgary on the 4.40 train, and would arrive in Edmonton about midnight, and would naturally have to take a room and look after his meals until admitted to the S.C.R. there.

The point we want to bring out in this case, is that the length of hospitalization, at least to determine whether or not his condition is due to service, would naturally warrant some allowance to the man for personal comforts.

Mr. BARROW: Presumably, in that case, the D.S.C.R. is not satisfied that this is the same old service disability, and he is in for observation and diagnosis. I would say off-hand, that that is the explanation. The proposal that was put forward by the Tubercular Section would take care of that, to some extent. We are asking that special dependents' allowances should be granted from the day of admission, instead of from the fifteenth day. On the other hand, if the diagnosis has been reached that this man is suffering from a condition for which he was previously in receipt of pension, and commuted, then he would be on full pay and allowances.

Mr. ADSHEAD: He only got ten per cent in the first place, and he was sent to Calgary to have a special diagnosis. He was then sent back to Edmonton hospital and no provision was made for his maintenance while he was there, or on the train. He had to go on charity; go to the Mayor of the city to get something.

Mr. BARROW: The special dependents' allowance now authorized from the fifteenth day is authorized by the D.M.S. for a period of one month. In many cases, the pay and allowances is not made until six weeks after the man has been admitted. I have found that the Unit men are usually willing to make advances on that, but it is unsatisfactory that there should be such a long delay before the first payment. To some extent, that would be corrected if our other proposal, to start the special dependents' allowances from the day of admission, is admitted. There would then be a delay of only a month, instead of six weeks.

Mr. BOWLER: Coming back just for the moment to the question of pension and treatment for pre-enlistment venereal disease, aggravated on service; I think the contention of the Legion is that if that man is going to be recognized at all, and he is recognized at the present time, then there should be no question about it; he has got to be recognized. Let him be treated the same as any other pensioner. If he requires treatment, let him have allowances the same way as anyone else. I think a distinction is drawn in his case, that there was no misconduct during service; his infection was contracted before enlistment. He was accepted as A-1, and went to France, and it was by virtue of the aggravation during his service that his entitlement arose. If a man gains recognition on that ground, then we think that there should be no discrimination as between that case and any other class of disability case.

Mr. ROSS (Kingston): The man who got his disease prior to enlistment has an advantage over the man who enlisted and was up against all sorts of temptation. I do not know the reason for this Order in Council; I never could understand it.

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. BARROW: The fair way to correct the situation is to remove infection from the realm of the definition of misconduct. I will read the definition of improper conduct.

"Improper conduct includes wilful disobedience of orders, self-inflicted wounding and vicious or criminal conduct."

Mr. BOWLER: We are not concerned, at the moment, with how far the country goes in regard to the men who contracted their infection during service. I do not think our feelings would be hurt if they went a little farther than they have, but we do think that those that have been established should be protected. It seems to us to be unfair, that, having once recognized them, then the next procedure should be to take it away. That is what we object to.

Mr. MCPHERSON: My understanding of Mr. Scammell's remarks is that by giving them pay and allowances you really paid the man who had contracted the disease before he enlisted, more than you did the man that contracted it afterwards. The actual amount of money is increased by way of allowances, whereas the other man could not get an increase in his pension.

Mr. BOWLER: Yes, that is quite true. The point is that this clause gives the man recognition by virtue of aggravation during service. It is established that if a man has a condition aggravated during service, if he requires treatment for that condition, then he is entitled to treatment as a Class 1 patient with pay and allowances. Now, why distinguish between those two classes? These men had an aggravation—admittedly so.

Mr. MCPHERSON: An aggravation of another disease?

Mr. BOWLER: The same would apply to any other disease. If there is a pre-enlistment condition of any sort, and you establish aggravation during service of that same condition, you are entitled to treatment as a Class 1 patient, with this one exception, and they had it until this Order in Council was passed.

Sir EUGENE Fiset: We understand what the Legion wants, and this a matter, I think, for discussion between the officials of the department and the Board of Pension Commissioners. We might as well postpone the discussion.

Mr. BOWLER: If I could refer again for a moment to the question of the right to reopen an appeal on the production of further evidence; subsection 6 of section 51 of the revised Act states as follows:—

The decision of the Federal Appeal Board thereon shall be final and shall be binding upon the applicant and upon the Commission.

Provided that if within one year after a decision by the Federal Appeal Board upholding a refusal of pension by the Commission or within one year after the fourteenth day of April, one thousand nine hundred and twenty-seven, whichever is the later, the applicant submits newly discovered evidence which, in the opinion of a majority of the Commission, establishes a reasonable doubt as to the correctness of the previous decision, the Commission shall reconsider such case, and if refusal of pension be confirmed, the applicant shall have the right of a second appeal to the Federal Appeal Board and its decision thereon shall be final and shall be binding upon the applicant and upon the Commission.

Mr. Chairman, the Legion wishes to go definitely on record that it is asking that the time limit be removed. The basis of that is that if at any time a man can produce evidence which clearly states he is entitled to a pension, he should be entitled to establish his claim.

Mr. ADSHEAD: No time limit?

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. BOWLER: That is what we are asking.

The next is suggestion 36, "Care and maintenance of indigent veterans." Reference was made two or three days ago to an Order in Council, whereby the D.S.C.R. compensated the provincial Workmen's Compensation Board—I think that is the way it is done—in cases where disabled ex-service men of 25 per cent or over are employed and receive an injury in the course of their employment. We understand that that Order in Council will expire on the 31st of March of this year. We would like to place on record that this Order in Council has been extremely valuable in assisting and maintaining employment where otherwise the man might not have been accepted, and we think its value will continue and that it is necessary it be renewed. We would like to go on record to that effect.

Discussion followed.

Mr. BOWLER: The recommendation has to do with the care and maintenance of indigent veterans and reads as follows:—

"That provision be made by the Federal Government for the care and maintenance of all ex-service men who, by reason of chronic illness or injury or old age, through no fault of their own, become incapable of maintaining themselves.

This recommendation opens up what I think is one of the most pressing problems which the country has to face to-day in regard to ex-service men. The number of these unfortunate men, who are not able to provide for themselves, either because they are totally disabled or because they possess that unhappy temperament which renders them unemployable, is increasing from year to year. The country already has recognized the problem; in fact, in reading back over the parliamentary committees' reports, as far back as 1920, I find that the recommendation was made that in certain classes of cases there should be sheltered employment. The classification seems to divide itself pretty well into two. First of all, there are those who are absolutely unable to work, but whose disability is not compensated for by their pension—in many cases they receive no pensions at all. In regard to those, provision was originally made by P.C. 1653, later amended by P.C. 1315—that is the provision to which Mr. Barrow referred—wherein a man must be a pensioner, but may be taken into one of the D.S.C.R. hospitals, and even though he does not require treatment he is maintained there; that is, he can sleep there and have his meals there. If he is drawing a pension, that pension is applied to the cost of maintenance up to \$40 a month—

Sir EUGENE Fiset: Less \$10 a month. Up to \$40 a month, but \$10 is paid back to the man.

Mr. BOWLER: Yes, I was just coming to that; \$10 is paid back for clothing and comforts. Our recommendation is that the provisions of this order-in-council should be extended so as to provide for all classes of ex-service men including non-pensioners, who are totally disabled and unable to maintain themselves.

Sir EUGENE Fiset: In those cases of men who are not pensioned, the department will not be recouped in any way, shape or form?

Mr. BOWLER: No; that is quite true. It is a question of what you are going to do with your utterly disabled ex-service men. Will you have them on the streets or in charitable institutes, or will the government provide a place for them? There is an alternative suggestion in regard to the dependents of married men.

The CHAIRMAN: Your first suggestion would be for men without dependents—that the department take them in, give them treatment if they require it, and if they do not, look after them anyway.

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. BOWLER: Yes.

The CHAIRMAN: That is, the men totally incapacitated?

Mr. BOWLER: Yes. I might point out that the Royal Commission, in its final report of the second part of the investigation, in July 1924, states as follows:

The Commission has, throughout all the discussions which have taken place, heard of nothing and it can suggest nothing which will meet the situation more fully or effectively than the establishment of soldiers' homes. There is admittedly no novelty in this suggestion; such institutions have been operated successfully for many years in other countries—Chelsea was established three hundred years ago. In these homes could be admitted any man who has served and who through physical incapacity or lack of resources is unable to support himself.

As a matter of fact, the hospitals are being used for that purpose at the present time. It is really not the function of a hospital, but it is the only place the department has to put them.

Mr. THORSON: That would lead to the establishment of military homes throughout the country?

Mr. BOWLER: I think it would, necessarily—in the large centres.

Sir EUGENE Fiset: But in certain sections of the country—certain large centres—such accommodations do exist to-day? Surely Ste. Anne de Bellevue is not used simply for the treatment of men who are admitted there on account of illness; part of that hospital is, practically speaking, an old men's home. Does not the same condition apply in Toronto? I am not sure, but I think you have also one in western Canada.

Mr. BOWLER: The provisions to a certain extent already exist. We are admitting that, but we are pressing the necessity for its extension, in order to take care of the present need.

Sir EUGENE Fiset: I think the greatest value of this is in the classification. The filing of these two classes is helpful to us in this committee. We have two defined classes submitted by the Legion, first, the pensioners, and second the men who are not pensionable. The pensioners are taken care of by regulations of the Department of Soldiers' Civil Re-establishment through contributing part of the cost of treatment; apparently the other class, where there are no pensions, has to be taken care of, and the only way you see to do that is in a home? It seems to me it would be extremely advisable for us to get from the D.S.C.R. what provision has been made for such homes at the present time. That is what the Committee does not know, and I think it would be wise for us to know where they exist, and the extent of the accommodations which can be given. It seems to me that would be a very helpful thing for this committee to have.

Mr. BOWLER: There is no accommodation provided for anyone who is not pensioned. That is clear.

Sir EUGENE Fiset: What I want to understand is this: take for instance Ste. Anne de Bellevue, where one-half the building accommodation is not used. At the present time say a building exists at some place such as Toronto, or at some city in Western Canada, I think it would be helpful if we could learn the number of beds available. I think that would be very helpful to the Committee, because that is the main problem we are facing.

The CHAIRMAN: There is another question I think. In order to give us a general view, it would be well to know what is to become of the dependents of these men.

Mr. BLACK (Yukon): That is fully as important.

[Messrs. F. L. Barrow and J. R. Bowler.]

Sir EUGENE Fiset: But that will be a third class.

Mr. BARROW: The first class is the men who are totally incapacitated and are not drawing pensions.

Mr. ADSHEAD: That is the first class.

Mr. BOWLER: Where there is total incapacity and there are no dependents, it is recommended that they be looked after by the Government.

Mr. THORSON: At special soldiers' homes.

Mr. BOWLER: At special soldiers' homes. With regard to the dependents, I confess the Legion is hard-put-to-it to find a practical solution. I do not know whether it could be expected that a man of that sort would take his wife with him when he went into an institution, or children if he had any.

Sir EUGENE Fiset: Still that constitutes a third class?

Mr. BOWLER: That would be a third class.

Sir EUGENE Fiset: I think it would be advisable to know that, before we go on.

Mr. BOWLER: We are not committing ourselves to anyone. We are inclined to the opinion that if the country takes some interest in that particular class of dependents it should be by some form of allowances without having recourse to charity.

Mr. SPEAKMAN: That is my opinion, too.

Sir EUGENE Fiset: I think it would be advisable to have before us a clear-cut case. We have three classes here, and they would have to be dealt with separately.

Mr. McLEAN (Melfort): The classes will become more numerous, as time goes on. I suppose there is a class of men who go in for a short time, and come out better than when they went in. Their injury, disability, chronic illness or old age is not due to military service; they have re-entered civil life, and have been there for some years, but as time goes on, they become disabled. Constitutionally would it not be the duty of the provinces to look after them in their old age; is it not clear that this would be within the scope of the provinces to look after such a class of men, because even if he did go into the service and spend say a year or two years there, he did not suffer injury, but came back and entered into civil life.

Mr. THORSON: We are asked to go a little further. The basis of our looking after him is that he has served.

Mr. BOWLER: That is true; that is the basis of the whole thing, that the ex-service man should be a national charge.

Mr. THORSON: Otherwise he would be clearly a subject for provincial treatment. The only justification for asking the Dominion to take care of him is the fact that he has been in the forces.

Mr. SPEAKMAN: Service, not disability is the basis of it.

Mr. McLEAN (Melfort): There might be a good deal of over-lapping as time goes on.

The CHAIRMAN: The provincial governments will wash their hands of it, I am afraid.

Mr. HEPBURN: The moral responsibility is upon the federal government. They cannot evade it.

Mr. BOWLER: The provincial authorities are not slow in telling you about it.

Mr. SPEAKMAN: I think they are right. I think it is a federal problem.

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. THORSON: Have you any suggestions as to the third class, the indigent class who have dependents, other than providing them with an allowance.

Mr. BOWLER: In the case of total disability I am afraid we have not.

Mr. THORSON: That is tantamount to pensioning him.

Mr. BARROW: It should not be called a pension.

Mr. BOWLER: Not the form of pension we have been talking about. It would be a form of pension, by virtue of his service to the state.

Mr. McPHERSON: Would not this situation develop? There would be non-pensionable soldiers who came out clear from actual disability and who with their dependents would be drawing a much heavier bonus from the Government than a man who had been partially disabled, and yet under the pension system he is entitled only to perhaps half.

Mr. BARROW: Class 3 includes any unemployable man with dependents. Whether a man is a large pensioner or a small pensioner, he ought to be taken care of. Under the order in council, the only class that might be exempted are married men with total disability pensions for service disability but a man with 50 per cent service disability pension would also come under class 3.

Mr. McPHERSON: Are there not a great number of men who enlisted in a battalion in Canada, but never got out of Canada but were dismissed on account of age at the time they enlisted? I know lots of cases where men were in the army probably six or eight months, training, but before the battalion moved east, they were dismissed because they were over age. Will they all come in?

Mr. BOWLER: Yes.

The CHAIRMAN: The point is, they enlisted.

Mr. McLEAN (Melfort): Why are they not a provincial responsibility?

The CHAIRMAN: Because we took them.

Mr. McLEAN (Melfort): They did not suffer any harm or injury. They benefited in many cases. It is purely a provincial responsibility.

Mr. BOWLER: Could not some form be worked out by which an application could be taken upon its merits?

Mr. McPHERSON: Then you get up against the illogical decisions of the Pension Board.

The CHAIRMAN: What about the classes not absolutely incapable?

Mr. THORSON: So far you have only been dealing with persons wholly incapable.

Mr. BOWLER: Yes.

The CHAIRMAN: What about the 80 per cent?

Mr. BOWLER: I have made a classification here, covering men who are not totally disabled and who are therefore not totally on pension but who, are unemployable. I do not think I can describe that particular type of case any better than the description given to you by the witnesses from Toronto. Those are the men rated at 40 or 50 per cent. The fact is that they cannot fit themselves into any form of occupation; they do not fit in. Our suggestion, which is not new, in regard to that class, is that the present machinery for sheltered employment should be developed and extended. We have found that to be a most useful institution. It is developed in this way, that you get the man off the street, he ceases to be a charity case, he is taken in and put at some form of work which he can do, and sometimes it acts as a curative measure. A chap perhaps after a year or two comes out, and is able to go back into civil life. If he is not able to do that, the best thing is for him to be working under these

[Messrs. F. L. Barrow and J. R. Bowler.]

sheltered conditions. We understand there is that class at the present time, in most of the large centres of Canada, and our information and personal knowledge is that they are doing excellent work, up to their capacity, which is limited. In Winnipeg they have 27 or 28 employed in the shops there.

Mr. MACLAREN: Is that the total capacity in all the Vet-craft shops in Winnipeg?

Mr. BARROW: At the present time there is only one. The idea is splendid, but the machinery is not developed sufficiently.

The CHAIRMAN: What would you say to this, which is contained in the Scott Report? We do not want to discuss the Scott Report here, but to obtain some information. The Scott report comes to the conclusion that the Vetcraft Shops cost \$30 per month per man to handle. The natural conclusion one would come to would be to pay the man the \$30, wouldn't it?

Mr. BOWLER: There might be something in that unless you consider it from the standpoint of possible curative value, looking at it from the useful character of the training.

Mr. McPHERSON: You mean, the man would not be standing around idle. There is a moral effect in his doing something for the \$30.

Mr. BOWLER: If I had to spend it, I would spend it in the shops rather than give it to the man.

Mr. THORSON: The per capita cost might be substantially reduced if the Vetcraft shops were extended.

The CHAIRMAN: There is no overhead charged, I understand.

Mr. SCAMMELL: There is an overhead charge, but it would hardly have that effect. It is a question largely of the marketing of the products. I shall be glad later on to go into the matter very fully.

The CHAIRMAN: I will ask Mr. Scammell, if he has not made any study of it, to obtain information as to the working in soldiers' homes of occupational training or Vetcraft sheltered employment, as it exists in other countries, so that we may be able to judge what the effects of this suggestion will be.

Mr. HEPBURN: What about the possibility of establishing soldiers' farms?

The CHAIRMAN: In Kapuskasing, for instance?

Mr. HEPBURN: No, down here in Ontario.

The CHAIRMAN: I know of one case in which a patriotic citizen of the Province of Quebec had a large farm just outside of the city of Quebec, which was loaned to the Government for use for the soldiers. It was returned to the heirs after lying idle for six or seven years. I think they did actually establish a sort of soldiers' home or training centre for soldiers for two or three years, but they could not keep it going. It was only a few miles from Quebec, and was an excellent spot for market gardening but it was returned to the heirs.

Mr. BOWLER: In discussing sheltered employment in 1922, the Parliamentary inquiry indicated the classes of cases which they thought could be handled:

1. Those whom real old age has at the time of discharge with or without other disability rendered unfit for employment on the open labour market, and those who are prematurely old from causes either arising out of or entirely unassociated with service. It is needless to say that this group will increase as time goes on.
2. Those handicapped by severe physical disabilities because of the result of deformities, amputations, or otherwise from injuries due to service.
3. Those with some chronic condition due to service but who are not included in the tuberculous.

[Messrs. F. L. Barrow and J. R. Bowler.]

4. Those who are suffering from some mental or nervous condition in whole or part due to service.
5. The tuberculous.
6. Those who owing to various other causes due at least in part to service are unable to give to any fixed occupation the same extent of efficiency as is expected from a man 100 per cent fit.

Those are the classes generally that the Committee thought the question of sheltered employment should be applied to.

SIR EUGENE Fiset: That creates a fourth class, and that fourth class shall be sheltered employment.

MR. BOWLER: The man is unemployable; not necessarily totally disabled, but unemployable.

SIR EUGENE Fiset: At this morning's sittings, sir, we have been given a great deal of information, and it will be more easily studied if the witness, after reading over the evidence he has given this morning, will collect the information at his disposal for the use of the Committee.

The CHAIRMAN: Is there not a large question of discretion involved here; the discretion of the Department and of the Rehabilitation Board? Or will there not be, if your suggestions are carried into effect?

MR. BOWLER: Yes, there will indeed.

The CHAIRMAN: The judgment as to who is totally incapable and indigent, and unable to maintain himself; would not that be more a matter of discretion really than of medical practice or diagnosis?

MR. BOWLER: Each case would have to be considered individually.

The CHAIRMAN: Will we not be up against the same difficulty you have referred to some time ago, that the man who happens to have a number of friends—vociferous friends—who can appeal to the newspapers, will have a better chance to get into one of these homes than a poor devil who has not got a pal in the world? Do you not think that will be the result?

MR. BOWLER: I think it is bound to happen, but I do not see how you can avoid it, unless you blanket them.

MR. BARROW: Generally speaking, there will not be much demand to get in, on the part of undeserving persons. We find a small number of pensioners now who could be let in under the Order-in-Council for maintenance, and we find they do not want to get in, as a general rule, unless they are seriously ill, or seriously unemployable, I should say.

MR. BLACK (Yukon): Will not section 21 of the Act take care of these cases?

MR. BARROW: The meritorious cases?

MR. BLACK: Yes.

MR. BARROW: No, these are not war pension cases. The Section reads that when a member of the forces dies, suffers injury or contracts disease, such that no right to pension under this Act arises—

The CHAIRMAN: That is Section 21.

MR. BLACK: That will take care of a lot of them surely.

The CHAIRMAN: I think it is broad enough to take care of them all at first sight.

MR. BOWLER: Only as regards pensions.

The CHAIRMAN: It gives them a pension instead of treating them.

MR. BLACK: Money is what they want.

MR. MCPHERSON: I would like to ask what would be thought of this way of dealing with the disability cases arising from old age, and so on—the classes which we have been talking mostly of this morning. In most of the provinces, I presume, there are institutions for taking care of certain cases of destitute old age. How do you think it would work out if the Dominion Government undertook to pay the cost of any patient put in one of the provincial homes?

The CHAIRMAN: They do that now, do they not?

MR. MCPHERSON: I do not think so. It goes to the municipality now, I think, largely.

MR. ADSHEAD: The old age home?

MR. MCPHERSON: No. In Manitoba, for instance, if the municipality asks to have a man put in an old age home, they assume the responsibility, unless his relatives can support him. Now, for speed in getting results, what would you think of utilizing the provincial homes? Because there will be a lot of cases where the moral liability of the Dominion, I think is very far-fetched. There is perhaps a secondary moral liability, but still, as the years go on, there will be a lot of these cases that really are the result of their lives in the last twenty years prior to their application and since the war entirely.

MR. BOWLER: I think the strongest sentiment of all is that an ex-service man should not be pauperized in his old age. The suggestion would be all right, except for this: something should be laid down to indicate that this man is not an ordinary pauper, but is an ex-service man, and the State is indicating its interest in him to the end of his days.

MR. THORSON: In other words, you do not wish him put in an institution with others who did not see service, if you are going to put him into an institution at all.

MR. BOWLER: Something should be done to identify it as being a special measure for the care of these people.

MR. MCPHERSON: That would be an objection against putting him in a provincial institution.

MR. HEPBURN: Would you consider establishing a provision for what are called "Veteraft Shops" where they manufacture goods in competition with shops of superior efficiency, which can undersell them? They cannot find a market at all. If we enlarge on that principal, we may have trouble. The trouble is in the marketing.

MR. BOWLER: I do not see how you can expect to employ unemployable men and make it pay.

MR. HEPBURN: It is not so much that part of it as marketing the goods themselves. The trouble they will be up against, as Mr. Adshead remarked, is that the labour organizations would not want goods competing with them.

MR. ADSHEAD: We had an inspector here last session, who spoke of that.

MR. HEPBURN: He pointed out the trouble they are having in trying to market their goods; that they could produce goods of a superior quality, but could not find a market for them.

MR. ADSHEAD: A large amount of the goods was used by the Department, or by the Government itself.

MR. HEPBURN: If we could work out a system of handling that particular line, arrange so that they would not interfere with other manufacturers of the same line, something of that nature might be worked out, otherwise, you run into opposition.

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. BOWLER: I think Major Melville will have some ideas on those lines to give you.

Mr. BARROW: The Legion would be very glad to cover that in any way it could. We have a letter from the Legion's Toronto Branch, in which the Secretary outlines a scheme which might very well be taken up by the Vetcraft Shops; a scheme for the manufacture of light metal parts. He calls them "light metal parts."

Mr. McPHERSON: That would mean that the men would be working with machinery to a great extent?

Mr. BOWLER: Yes, they do now sir.

Mr. BLACK: Has that suggestion been submitted to the Department?

Mr. BOWLER: No, it has only recently come in. Just during the last couple of days. I think perhaps we had better put it in later on.

Mr. BARROW: No. 37—returned soldiers' insurance. We are asking for two things: that the Act should be reopened for the period of one year; and that the maximum amount of insurance obtainable be increased from \$5,000 to \$10,000. I do not want to say much on this, because you have heard some discussion, but I would like to point out that the demand for insurance is wide-spread. I have a recent letter from a doctor, William Cole, who writes from Long Beach, California, and says that there are a number of veterans there who would like to see the question revived, in order that they might take advantage of Government insurance. When the Act had been operation for a time, there were, I think, 35,500 policies, with an average of \$2,400 each. The total cost to the country at that time, up to the closure of the scheme, was estimated to be only \$2,000,000. The total expected cost has now been reduced to \$1,200,000, approximately. So, you see, that the country is not assuming a very vast obligation. I suppose it is safe to assume that if another 35,000 can take out policies the cost would still be not more than approximately \$2,000,000, expected outlay with the possibility of retrieval as time goes on. There are now in force about 25,000 policies. The difference is in some cases due to death, and in others to lapses. In connection with the question of lapses, we notice that there are a number of men who want to reopen their application, but under the present Act, if a man has allowed his policy to lapse, there is no possible chance for him to come on again. I think it is obvious that among the returned soldiers' policyholders, there is a very fair sprinkling of good risks, and the country is further protected among the bad ones by the fact that when pension is paid, the cost is not so much from the insurance department. There might be two alternate methods of reopening; one, to reopen the provisions of the Act for one year, wide open, and the other one to open it indefinitely under the 1922 restrictions, which require medical examination in certain cases. I think that either perhaps would be acceptable to the Legion.

Mr. McPHERSON: Mr. Chairman, I was rather inclined to think this a reasonable proposition when I read it, but in view of the only statements we have had so far to the effect that this insurance rate is practically very little below that of straight line companies, and in some cases it was stated that straight line companies were lower—I do not really understand that it is necessary. Why should they not use the cheaper class of insurance?

Mr. THORSON: Because they cannot get insurance.

Mr. BARROW: It is necessary for a man with say, a small 15 or 20 per cent disability, who would not be accepted by the line company. There is a class for whom this is particularly necessary.

Mr. McPHERSON: In the discussion the other day, the fact was shown that it was not cheap enough to make it worth while.

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. BARROW: This is not cheap particularly. That is not the best feature of the Act; I have not heard complaints or discontent about the premium rate, and it is a fact that a great number of good risks take it up.

Mr. McLEAN (Melfort): As a matter of fact, it is a good deal more expensive than ordinary insurance would be. And as a matter of fact, a good many good risks are carrying it who could have got their insurance cheaper. There are men, however, who cannot get insurance at all, and perhaps it could be opened for two years or possibly indefinitely, because many men who could not afford to take this insurance six or five years ago, when it ran out—five years this coming September—many men were not in a financial position to pay the premium at that time, even on \$1,000, but, to-day, through a change of circumstances, they would be able to take a reasonable amount of that insurance and they simply cannot get other insurance. I think that certainly we ought to encourage that, even supposing it cost a little money, which it might not; but supposing it cost the country some extra money, there is a legitimate place to put it, to give them this service.

The CHAIRMAN: I think it is principally valuable to pensioners who might hand over their pensions and ask that such be applied to the insurance. A great many small pensioners have come under the operation of the Act since the insurance was cut off who were not entitled to insurance in 1922.

Mr. BARROW: Because of lack of dependents. It would be unwise to limit it to men with pensions, because then you would not get the sprinkling of good risks.

Mr. McLEAN: You would not get the men you really want. There are many men who are not getting pension at all, and yet are not insurable, in an ordinary company.

Mr. BARROW: The cost to the country is not alarming, and I think the Insurance Department would probably tell us that it would not be any worse than a \$2,000,000 maximum cost for 35,000 policies; there would not seem to be much danger in reopening the Act indefinitely, because the man who is seriously ill, with a pensionable disability, may be otherwise provided for, and in any case, under the 1922 amendment, he would have to submit to medical examination.

Mr. McLEAN (Melfort): In certain cases?

Mr. BARROW: In certain cases.

Mr. McLEAN (Melfort): You speak of \$2,000,000; is that the estimated cost for the whole period of operation?

Mr. BARROW: That was the estimated cost at the close of 1923. It has now been reduced to \$1,200,000.

Mr. McLEAN (Melfort): I can understand that, because the cost of insurance is going down all the time. The expectancy of life in the ordinary, normal way is increasing all the time, and insurance is being made cheaper.

Mr. BARROW: I am not an expert on insurance, but I believe that if a line company assumes a bad risk, with strings attached to the policy, at the end of five years, if they have carried him for five years, they assume that he is almost a normal risk again. So, gradually, the danger of cost to the country diminishes. There is still another point. When the Act first came into force there had to be a staff established. The machinery is there now, and with the addition of a very small personnel, I think it could be reopened without further administrative costs.

Sir EUGENE Fiset: Has the Act been simply suspended?

Mr. BARROW: No, it was definitely closed.

[Messrs. F. L. Barrow and J. R. Bowler.]

Sir EUGENE Fiset: By Act of Parliament?

Mr. BARROW: By Act of Parliament.

The CHAIRMAN: It was provided for in the Act. Can you say anything about the increase in the policies to ten thousand dollars. Is there any special reason why that recommendation should be acted upon?

Mr. BARROW: I would like to touch on the objections to it, which seem to be that the men who would take advantage of the increase would be the seriously ill men or the wealthy men. The country would be protected from the seriously ill men, if the 1922 amendments were kept in, and there is no reason why the wealthy men should be refused, provided they are not too bad a risk.

Mr. ADSHEAD: Do you know what the premium would be for \$10,000?

Mr. BARROW: I presume it would be double what it is for \$5,000.

The CHAIRMAN: It is \$11 per month for \$5,000, at the age of thirty.

Mr. THORSON: It fluctuates.

Mr. ADSHEAD: Are there any endowment policies issued?

Mr. BARROW: No.

Mr. ADSHEAD: It does not come to him at a certain age, say if he reached seventy years of age?

Mr. BARROW: The policies were issued on the life plan only. Premiums are payable for ten, fifteen or twenty years; to the age of sixty-five; for life; or by a single payment. Benefits are payable only on the death of the insured, the maximum amount payable on any policy as an immediate payment, being \$1,000. The remaining portion of the policy is payable as an annuity certain, or guaranteed, or for life, such annuity being payable quarterly, half-yearly or yearly. Choice of the annuity is made by the insured. The policies have the usual cash surrender value, paid-up insurance, and extended term insurance after two years' premiums have been paid.

Mr. McLEAN (Melfort): Does the balance that is not paid at death, aside from the \$1,000 that is paid immediately, carry an interest accumulation?

Mr. BARROW: Yes. The man decides what kind of an arrangement he wants made for his widow. Then, on the basis of her age, she draws a thousand dollars, and the balance of \$4,000, if it is a maximum policy, is paid as an annuity for her life, or for a limited period guaranteed, as he may propose it.

Mr. McLEAN (Melfort): Where a man has no dependents, does that go to his estate?

Mr. BARROW: No, it does not. The beneficiaries are restricted.

Mr. McLEAN (Melfort): In many cases a good deal of that money is liable to come back to the State.

Mr. McPHERSON: That is not likely, as he would not insure if he had no dependents.

Mr. McLEAN (Melfort): He may have dependents to-day, but in twenty years, where are they?

Mr. ADSHEAD: He may take advantage of the cash surrender.

Mr. BARROW: This is the clause in the Act regarding beneficiaries (reads):

The said payments shall be made to the wife, husband, child, grand-child, parent, brother or sister of the insured, or such other person as may, by regulation as hereinafter provided, be declared to be entitled to become a beneficiary under the contract.

[Messrs. F. L. Barrow and J. R. Bowler.]

Mr. THORSON: Is that to become part of his estate?

Mr. BARROW: If there were no beneficiaries at the time of his death, I think the premiums, with interest, would be returned to the estate.

Witnesses retired.

The Committee adjourned until Tuesday, March 13, at 11 a.m.

TUESDAY, March 13, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

Colonel JOHN THOMPSON, called.

Dr. R. J. KEE, called.

J. A. PATON, called.

Mr. MCGIBBON: I would like to ask Colonel Thompson a few questions. I would like to know who makes the diagnoses in cases of this kind.

COLONEL THOMPSON: It is made in various ways. It is made by the Doctor who attended the man in his last illness, or by the hospital.

Mr. MCGIBBON: Does your Board ever make it?

COLONEL THOMPSON: Never.

Mr. MCGIBBON: What do you take it from?

COLONEL THOMPSON: We take it from the death certificate, the coroner's inquest, the hospital where he died, or the doctor who attended the man in his last illness.

Mr. MCGIBBON: Where does the Appeal Board take their's from? Have they any different sources of information.

COLONEL THOMPSON: No.

Mr. MCGIBBON: Can you tell us how it is that sometimes there is a conflict in diagnosis? Probably I could illustrate that in this way. Mr. Bowler gave evidence here and stated a case where a pension was refused, I think he said under the head of indigestion. An appeal was made and the dependents were awarded a pension under the diagnosis of a gastric ulcer. Could you explain that particular case to us, and that case as it applies in general to other cases?

Mr. KEE: That case that was cited was a decision of the Board of Pension Commissioners. The death certificate was acute indigestion, and the decision of the Board was given as acute indigestion. The decision of the Federal Appeal Board was ulcers of the leg, not ulcers of the stomach, as stated in the evidence.

The CHAIRMAN: Could you give us his whole case from the start to the finish? I think in that way we would know the workings of the two Boards, in regard to this matter. This seems to be a type case where conflict arose between the two Boards. You need not mention any names.

Mr. KEE: In case of death, we are dependent upon the attending physician. He sends in the death certificate, and that is what we go on.

Mr. ARTHURS: Is that always true?

Mr. KEE: Always, unless the soldiers' advisor, or the claimant, or someone, brings sufficient medical evidence to show that there is a possibility of the death certificate being in error.

Mr. ARTHURS: That evidence would be in favour of the man, would it not, in that case?

Mr. KEE: Exactly.

Mr. ARTHURS: Who would bring evidence to the contrary?

Mr. KEE: No one.

Mr. ARTHURS: I have a case in mind, where a man died during the 'flu epidemic in Toronto. This man's widow was refused a pension on the ground that he had died from tuberculosis, from which he had suffered previous to his marriage. Who brought in the evidence to the contrary in that case?

Mr. KEE: There would be no evidence to the contrary.

Mr. ARTHURS: The Board decided, in that case, to throw aside the death certificate?

Mr. KEE: Not necessarily. There must have been something to show.

Mr. ARTHURS: The death certificate showed nothing?

Mr. KEE: We must stand on the death certificate, unless there is a post-mortem otherwise.

Mr. ARTHURS: I will give this case privately. In this particular case the death certificate said nothing about tuberculosis. The man had suffered from tuberculosis and had been discharged as non-active, and pensioned.

Mr. KEE: Influenza and tuberculosis are so nearly associated. When you are talking about a chest condition, where a man has tuberculosis and dies from pneumonia, we would not hesitate for a minute.

Mr. ARTHURS: This man was only sick for forty-eight hours.

Mr. KEE: That might be. The 'flu is very severe, and frequently sets in very suddenly. If a man has tuberculosis, and dies from some acute chest condition, he is a pretty clever man who can say that tuberculosis was not the basis of it.

Mr. ARTHURS: Somebody brought forward that point on behalf of the Board of Pension Commissioners.

Mr. MCGIBBON: Does this same evidence go to the Board of Appeal?

Mr. KEE: Exactly the same evidence.

The CHAIRMAN: If you will allow us to have this particular case of indigestion and ulcers of the leg related fully, right from the start, I think it will illustrate several instances where points of difference have arisen between the two Boards.

Mr. KEE: We received the death certificate in that instance.

Colonel THOMPSON: The statute provides that the Federal Appeal Board shall give their decision upon the record and evidence on which the Board of Pension Commissioners gave their decision.

Mr. MCGIBBON: Then, on what grounds have they made different diagnoses?

Mr. KEE: In this particular case, I think the death certificate came from the attending physician, or the coroner, who arrived when the man was sick, and shortly before he died. The death certificate gave acute indigestion. The Board of Pension Commissioners gave their decision on acute indigestion, and disallowed the widow's appeal. It then went to the Federal Appeal Board, and they returned the judgment as ulcers of the leg, resulting in death, and related to service.

Mr. THORSON: And then what happened?

Mr. KEE: Then we wrote back and drew their attention to it.

Mr. MCGIBBON: May I ask you a question there? On what evidence did they do that?

[Messrs. Thompson, Kee and Paton.]

Dr. KEE: On the evidence and record which we had. The same evidence and record.

Mr. McGIBBON: Then it was not on the death certificate?

Dr. KEE: The death certificate was there on the file. Unless you can construe ulcers on the leg, and indigestion as one and the same diagnosis.

The CHAIRMAN: Proceed with the case.

Dr. KEE: Then we wrote the Federal Appeal Board and drew their attention to this particular case. The answer we received back was that they had nothing more to add to their judgment. Then we submitted the case to the Department of Justice stating that in our opinion the ulcers on the leg, and indigestion, were two separate diagnoses, and asked them what the jurisdiction was. The answer came back that we had no jurisdiction to pay unless the Federal Appeal Board gave their judgment on the same diagnosis.

Mr. THORSON: That is, it is not open to the Federal Appeal Board, even though they are satisfied on the evidence before them that the diagnosis of the Board of Pension Commissioners is wrong, to change that diagnosis.

Dr. KEE: That is not quite correct, because that is not our diagnosis.

Mr. THORSON: That is the diagnosis found by the Board of Pension Commissioners.

Dr. KEE: The diagnosis submitted to the Board of Pension Commissioners by Dr. Jones, let us say, out at Stittsville.

Mr. McLAREN: Acted upon by the Pension Commissioners?

Dr. KEE: Acted upon, and to that extent accepting it.

Mr. THORSON: So that, if the Board of Pension Commissioners is of opinion from the medical evidence submitted that the diagnosis is of such a kind, and they decide that that is the proper ailment, it is not open, under the present law, to the Federal Appeal Board to make any change whatever in that diagnosis, and to decide on their interpretation of the evidence that the man suffered from something else.

Dr. KEE: Nor is it open to either Board. We have no power to change that either.

The CHAIRMAN: Perhaps I had better ask Colonel Thompson to cite the section of the Act and read it, to make the matter clear.

Mr. McGIBBON: We can take that for granted.

The CHAIRMAN: It is Section 51. (Reading)

Upon the evidence and record upon which the Commission gave its decision an appeal shall lie in respect of any refusal of pension by the Commission on the ground that the injury or disease or aggravation thereof resulting in disability or death was not attributable to or was not incurred during military service.

That is to make clear to the Committee the grounds on which this appeal was not acted upon by the Board of Pension Commissioners.

Mr. McGIBBON: What steps by way of appeal are there against a diagnosis, by any person?

Dr. KEE: Well, the soldier advisor when he gets the case—John Jones M.D. may send in a certificate that this soldier died from pneumonia. We get this certificate. We had never seen him or heard tell of him. We say; "Death from pneumonia post discharge." The soldier advisor, if he has not already taken the case up with us; he may have taken it up with the Federal Appeal Board and he goes to the claimants and they say, "Here, this man is dead from pneumonia, but he had gun shot wounds on service in France, and the

[Messrs. Thompson, Kee and Paton.]

doctor who gave the certificate is wrong, and we have evidence that he is wrong." His duty then is to submit that back to the Department or to us to act for the Department, and, if possible, for them to take up the body and arrive at any other diagnosis. If the man is living, they appoint boards of arbitration. We do not. We ask the Department of the D.S.C.R., and they have never refused to decide what the diagnosis is. We have had men dug up by them and they have paid all expenses. We have had boards of arbitration to decide the diagnosis on living people, in Halifax, Montreal, Toronto, Winnipeg and Vancouver. It is immaterial to us to decide what the diagnosis is so long as it is established. Every time a new diagnosis is established, a new decision is given, and the man has a new appeal.

Mr. McGIBBON: Do these boards all belong to the Department? Have you ever considered appointing boards of arbitration outside of the Department?

Dr. KEE: These were outside of the Department, that were appointed. Before we ask somebody else to show us that our decision was given on a wrong diagnosis, we submit it back to the Department and say: "These claimants do not agree with your specialists." We have no examining staff; we have to go to the Department and we say, "the claimants do not agree with your specialists, will you appoint three outstanding men who are favourable or acceptable to the claimant to decide the diagnosis." That has been done dozens of times.

Sir EUGENE Fiset: In other words, the Board of Pension Commissioners does not make any diagnosis. You have to accept the death certificate furnished to you and what further evidence is finally given when you want a diagnosis, on the appeal of the advisor, or on the direct appeal of the applicant. You have simply to take the decision of the D.S.C.R. to confirm the diagnosis given, or the death certificate.

Dr. KEE: Absolutely correct. Except, well a death certificate is a little different. I will explain the death part. Here is a man who walks down the street; a brick falls off a building, and kills him, and he is a returned soldier. Or, he is in a fire and is burned up. We have a case of that sort on record now. The doctor who attends him—he dies within twenty-four hours—sends in a certificate, "death due to burns." That comes up to us, and we say: "Death due to a post discharge condition, burns." Then the widow comes before the Commission and says; "My husband did not die from burns at all, he had a five per cent pension for D.A.H. and he commuted his pension in 1920 and he would never have died from these burns at all, and the doctor who sent out that certificate was wrong. I have gone to see him and he has written now and says he was wrong, and that the man died from exposure on service and not from burns." Well, we cannot dig up all those cases, or ask the Department to do so. Unless there is some medical evidence to show that there is some doubt in the matter, we would not be justified in asking the Department to go into such cases as those.

Sir EUGENE Fiset: Does it not appear rather awkward or queer to you that you should ask simply the death certificate, or the immediate cause of death, and base a diagnosis on that same certificate, and let the poor applicant bear the whole burden of proving that the diagnosis was wrong? And do you mean to say that, in no cases have the Board of Pension Commissioners taken on themselves the responsibility, in accordance with the evidence that had been filed, to try to help the applicant, and try to meet his wishes to a certain extent when you have all the papers before you dealing with the case?

Dr. KEE: If the applicant is willing, in every case we will refer it back and ask the Department to have a special board. If necessary, we will go to

[Messrs. Thompson, Kee and Paton.]

any expense. We have brought them from Vancouver or Halifax, from every part of the Dominion, and asked the Department to clear up the diagnosis.

Mr. McGIBBON: Has the Appeal Board that power?

Dr. KEE: Yes.

Mr. McGIBBON: But I find that the Appeal Board are exceeding their powers under the Statute in changing a diagnosis.

Dr. KEE: Exactly.

Mr. McGIBBON: That should come back to you.

Dr. KEE: It should come back to us and start again.

Mr. McGIBBON: They even go beyond that and call in a bunch of specialists that are not in connection with the Service at all.

Dr. KEE: The way we do, we ask the applicant "who will be acceptable to you? Choose your man. We will appoint one. You another, and we will ask the Department to appoint a third, or the two of them to appoint a third; get your diagnosis and we will give you a decision." And, every time there is a new decision, it goes on to appeal.

The CHAIRMAN: You mean that you will ask the D.S.C.R. to appoint one?

Dr. KEE: Yes, we are sitting here perhaps 3,000 miles from the applicant. We do not examine. We let the man at the bed-side do the examining. We have nothing to do with expressing an opinion as to what the man has or has not. We refuse to be put on record that the man has a certain condition. We do not examine him.

The CHAIRMAN: Do you judge from the documents placed before you?

Dr. KEE: Exactly, from the examination. It has to be definitely stated. If there is not a definite decision, we refer it back for diagnosis. We have appointed soldier advisers all over Canada, and it is their duty to advise these men to get a diagnosis, in every case; they are conversant with it. Now they know how diagnoses are arrived at, and that we have nothing whatever to do with it.

Mr. McGIBBON: Is there any military assistance given to the man? Sometimes he might not be able to pay for a diagnosis.

Dr. KEE: No. We have certain organizations that pay. For instance, in Toronto, there are certain organizations among the men themselves that take a man to outside specialists, and get opinions, and submit that and we refer that back to the doctors who examined them.

The CHAIRMAN: Do you ever authorize the appointment of these outside specialists, when as a result of their examination or diagnosis, pension has been awarded?

Dr. KEE: We have always asked the Department to pay, and they have never refused it in any instance.

The CHAIRMAN: The Board does not make any direct appointment, but it is done through the Department of S.C.R.?

Dr. KEE: Exactly.

The CHAIRMAN: And your officials are paid also by the D.S.C.R.?

Dr. KEE: We have at our head office a staff of 23, and there are nine medical advisers, and they are paid by the Board itself, and they make an examination, and submit it to the Board.

The CHAIRMAN: Do you ever accept a certificate of the outside specialists, the specialists appointed by the Department of S.C.R.?

Dr. KEE: Yes, we accept any certificate which comes in to us, and make a decision on it. If it is the poorest country doctor and he says the soldier is suffering from rheumatism, arthritis, or appendicitis, we give a decision on that. If that is shown not to be correct, then we proceed further.

Mr. MCGIBBON: When you say the "poorest country doctor," do you refer to his financial standing?

Mr. KEE: Yes, they are all poor doctors. In the case of a certificate there is an exception. In that case, we cannot ask the Department to dig up every man that dies, because we have now sometimes five to seven deaths per day in the C.E.F. for which we are getting claims, and we are giving decisions from five to seven per day. That is on the death certificate of the attending physician.

Mr. CLARK: This country doctor you refer too: must he be an S.C.R. doctor?

Dr. KEE: No.

Mr. CLARK: If the only diagnosis you have comes from a doctor who is not the S.C.R. doctor, you accept that?

Dr. KEE: Absolutely.

Mr. CLARK: And have always accepted it?

Mr. KEE: We have.

Mr. CLARK: How is it that there are cases arising where these doctors who are a long way off, are the only doctors who have seen the case, certify to certain conditions being attributable to service, and that the man is suffering from, we will say, a 50 per cent disability, and yet that man cannot get a pension? That seems to me a little inconsistent with what you are saying, and I would like an explanation of it.

Dr. KEE: I will quite readily explain that to you. We do not accept every doctor's statement. Otherwise we would require no Pension Board at all.

Mr. CLARK: I asked you if you invariably accepted the doctor's statement or not?

Dr. KEE: With regard to service.

Mr. CLARK: No, with regard to diagnosis.

Dr. KEE: That is a different story altogether, diagnosis.

Mr. THORSON: A different thing entirely.

Mr. MCGIBBON: Don't you think an injury or unfairness might result in this way: Supposing I am back in the country some place, and busy, as most doctors are. A patient dies from pneumonia. When you write out the death certificate, you are not thinking of him as a pensioner, you are simply fulfilling the law of the province, as far as statistics are concerned, and you simply put down, "Pneumonia," without anything more, without any explanatory remarks, or anything else. Unless that is called to your attention, that it will have a future bearing on his pension, that might very often be overlooked?

Dr. KEE: No doubt it is. During the month of February, twenty-three days, we had 1,104 decisions before the Board of Pension Commissioners, and probably 50 per cent of those came from doctors throughout the country. Now, those are mostly for disabilities. There were about probably 25 per cent of those allowed, and probably the balance rejected. About five per cent or less were not with regard to entitlement. Out of those 1,104 decisions, there are necessarily a great many cases in which probably the death certificate is wrong.

[Messrs. Thompson, Kee and Paton.]

Mr. McGIBBON: Or not complete.

Dr. KEE: Not complete, exactly. And, at the present time, the soldiers' advisor, or the associations, and the soldier himself is at the disadvantage of having to procure that evidence. We would not attempt to ask the Department to admit that many, 1,100, to hospital in 23 days, to clear up diagnosis. Otherwise, the hospitals would be packed within a month.

Mr. THORSON: Dr. Kee, supposing you had a death certificate, from a competent physician, and you have conflicting medical evidence as to the real cause of death. Does not the Board of Pension Commissioners decide which evidence is to prevail?

Dr. KEE: No.

Mr. THORSON: How do they treat those cases of conflicting evidence?

Dr. KEE: They decide to ask the Department if in their opinion this evidence which is submitted to us would be sufficient to have this man examined, and have the diagnosis cleared up.

Mr. THORSON: But it is not a case of explanation at all. Where there is an extended history behind the man's death, and there is conflicting medical evidence as to his physical condition prior to his death, you decide which evidence is to prevail, do you not?

Dr. KEE: No, Mr. Thorson. I think that probably I will get your point. Say, for instance, that a man has valvular disease of the heart, and has 80 per cent pension for it.

Mr. THORSON: But there is not pension at all in this case. He has had a pension, and he is dead.

Dr. KEE: I would have to know the character of the evidence.

Mr. THORSON: He is dead, and a claim is made for pension. There is no evidence before the Board at all. You have got your death certificate that he died from, we will say, angina pectoris.

Dr. KEE: All right. That is heart disease.

Mr. THORSON: The evidence back of that as to the man's physical condition prior to death is conflicting. Do you not have to decide?

Dr. KEE: That word "conflicting" may mean much or nothing, you see.

Mr. THORSON: Well, we will say "conflicting". Do you not have to decide then what the man's physical condition really was? You have to act upon that medical evidence.

Mr. KEE: I would be pretty clever if I change the diagnosis from the doctor who was attending him. He has a better chance than I have.

Mr. THORSON: A diagnosis has been made, and a medical opinion submitted, and one doctor is of opinion that his physical condition was such, and another doctor is of opinion that his physical condition was not such.

Dr. KEE: Is this after death, or before?

Mr. THORSON: The doctor examined him before death, and gives his evidence as to what this man was suffering from, or otherwise.

Dr. KEE: What we have done in such a case is this: If you say you have conflicting medical opinions as to the cause of the man's death, and the death certificate cannot agree with both of them, we would send all the evidence to some of the outstanding specialists in Montreal or Toronto to get their opinion as to what was the diagnosis, and have it come back to us. We have done that repeatedly.

Mr. SANDERSON: These specialists would be outside the service altogether?

[Messrs. Thompson, Kee and Paton.]

Dr. KEE: Yes, outside the service altogether. No one had seen them before. We are referring cases at the rate of three or four per day to specialists entirely outside of the service for their opinion.

Mr. THORSON: Then I may take it that you do not attempt to weigh the medical evidence.

Dr. KEE: We do not attempt in any way to make a medical diagnosis at our office.

Mr. THORSON: Get away from the word "diagnosis", because that may have technical aspects. Do you attempt to weigh the medical evidence submitted to you in a case of that sort, whether it is consistent or inconsistent with the death certificate?

Dr. KEE: Yes, we weigh it, certainly.

Mr. THORSON: And you very often decide whether the medical evidence submitted prior is inconsistent with the death certificate or vice versa.

Dr. KEE: Yes, exactly.

Mr. THORSON: So you do have a deciding power as to what you think the man died of?

Dr. KEE: No, that is just where I come back to that point and back it up. I send that out. say, "Here, I will send that for medical opinion." I have nine men there, and I constantly tell them, "No decision is to come before these commissioners on this diagnosis; you cannot change or make a diagnosis in this office. You are hundreds of miles away from the patient."

The CHAIRMAN: To give a concrete example, this is a case where a discussion arose between the Federal Appeal Board and yourselves. The medical certificate was to the effect that the man died of acute indigestion. When the case came before the Federal Appeal Board, some one must have informed them that he died of an ulcer of the leg. Did you have an opportunity of going over the evidence that he died of an ulcer of the leg: Was that submitted to you?

Dr. KEE: It might have been.

The CHAIRMAN: And you decided that that was not so; that he could not have died of that.

Dr. KEE: No, we said, we will stick to the death certificate.

The CHAIRMAN: That is what I think Mr. Thorson wanted to get at, is it not? That you give some decision with regard to diagnosis.

Dr. KEE: We have established the principle in a number of cases coming before us, that we must abide by the diagnosis or death certificate, the post mortem. Otherwise we would be always in trouble.

Mr. MCGIBBON: Or send out the evidence to some one else.

Dr. KEE: Yes.

The CHAIRMAN: In this case, did you send out the evidence to any one?

Dr. KEE: No. We had no notion that the Federal Appeal Board would deal with it on other than the evidence.

The CHAIRMAN: Was there any other evidence before you, other than that of the local practitioner who gave the death certificate?

Dr. KEE: I am not sure in this case just what evidence was submitted.

The CHAIRMAN: If evidence had been submitted, what would you have done?

Dr. KEE: We would have looked it over carefully, and asked the Department if there was sufficient doubt to have a post mortem made and pay the costs, if it was thought that there was sufficient doubt.

[Messrs. Thompson, Kee and Paton.]

The CHAIRMAN: Do you remember if that was done?

Dr. KEE: It was not done in this case because we did not think that there was sufficient relation between ulcers of the leg, and acute indigestion. We could not conceive of a coroner making such a serious mistake.

Mr. GERSHAW: When you have decided on a diagnosis, do you attribute that to service?

Dr. KEE: That goes to the Pension Commissioners at a meeting every morning. A quorum of the Board sits every morning, and a complete file of all the cases is put before them.

Mr. THORSON: If the question of diagnosis is settled to your satisfaction, then, on the question of attributability to service, you have to make a decision between conflicting medical and other evidence as to his state of health up to the time of death, or appearance of disability?

Dr. KEE: Yes.

Mr. THORSON: If a diagnosis is settled to your satisfaction as being say, diagnosis No. (a), and the Federal Appeal Board is of the opinion from the evidence on file that the indications are rather that it ought to be diagnosis No. (b); it is not open to them to take such a course under the present law?

Dr. KEE: Not under the present Act. They have the same recourse as we have.

Mr. MCGIBBON: Dr. Kee, if I understand this correctly, the soldiers' advocates through the country have to gather up this evidence and pay the expense, which looks to be rather an injustice to the soldier, probably through the advocate or the doctor who was attending him when he died. I think that would be unfair, but I think it is also stated here, by some of the men who gave evidence, that only 30 per cent of those cases reach the Appeal Board. Who eliminates the 70 per cent?

Dr. KEE: I do not understand the statement. Mr. Bowler and Mr. Barrow read that evidence. As I said before, we had, during the month of February,—in 23 days of February—1,104 decisions given by the Board sitting as a body. Forty-nine of that 1,104 were on assessment. The balance 1,050 were on entitlement due to injury or disease causing disability or death, incurred on or relating to service. Of that 1,050, 20 to 25 per cent would be admitted, and the balance, 800 are all appealable, for the month of February. So there would be 800 appeals on our decisions for February, if they all appealed.

Mr. SANDERSON: Could you give us any idea of what percentage of cases go to the Appeal Board?

Dr. KEE: You have some indication in that one month. I have not the records before me, and I do not know.

Mr. SANDERSON: That is for one month, but over a period of a year or two.

Dr. KEE: Well, February was probably one of the largest months we had.

Mr. SANDERSON: But, about what percentage of the cases go to the Federal Appeal Board?

Dr. KEE: We have no record more than that we have a statement on file. It is a very small percentage of that 1,100 that go to appeal, although they have the right to appeal.

Mr. MCGIBBON: You eliminate that 70 per cent if the statement is correct. Who could prevent them from going to the Appeal Board?

Dr. KEE: Nobody. They have the right to appeal.

Mr. THORSON: There is no suggestion that they have not the right to appeal, but the doctor has just said that a very small percentage will appeal.

[Messrs. Thompson, Kee and Paton.]

Col. THOMPSON: Practically all were appealable of the 1,100. There were only 45 of the 1,100 which were not appealable.

Mr. MCGIBBON: Then the statement is inaccurate?

Col. THOMPSON: Oh, yes, quite.

Dr. KEE: Or else they go to the soldier advisor, and the soldier associations for other conditions. I think they go for probably assessment or other clauses under the Act, but I cannot conceive of such a low percentage of the 800 we reject not going to the soldier advisor.

The CHAIRMAN: Perhaps Mr. Barrow might like to explain that.

Mr. BARROW: The statement has been misunderstood. It was that approximately 30 per cent of the cases that went to appeal were appealable. There are dependency cases, assessment cases, and entitlement cases. Those three are groups. They are the smaller groups. The assessment and dependency cases are not appealable. That leaves approximately one-third which are appealable, but of course, of the one-third which are appealable, a number are adjusted by the pension Board and still others do not go to appeal.

Mr. THORSON: You mean that you will not get one-third of the cases that are appealable?

Mr. BARROW: That are entitlement cases.

Mr. BOWLER: I would like to confirm that statement. The statement is very fairly accurate as being the proportion of the total number of cases of all classes that come to a soldier advisor, which are appealable. The remaining two-thirds of the cases, and this is approximately correct, are not appealable.

Dr. KEE: Does that include Imperial?

Mr. BOWLER: The percentage of Imperial cases is very small.

Dr. KEE: Does your 30 per cent include Imperialists?

Mr. BOWLER: Of appealable cases?

Dr. KEE: Yes.

Mr. BOWLER: No, sir, the official soldier advisor does not have to do with Imperial appeals.

Dr. KEE: Does that include yours, Mr. Barrow?

Mr. BARROW: No. I would say the 30 per cent of the cases are Canadian Pension cases. All the cases that are appealed, of the 30 per cent that are appealable, are Canadian pension cases.

Dr. KEE: I understood you to say, when I asked you yesterday, that that included Imperial.

Mr. BOWLER: We have nothing to do with Imperials.

Mr. BARROW: The 30 per cent, I think, are Canadian entitlement cases.

Mr. MCGIBBON: Will you explain why they are not appealable?

Mr. BARROW: Because there is no appeal on assessment, and no appeal on dependency.

Mr. THORSON: I do not think that is quite clear. Do you mean that 30 per cent of the cases that come to you are not appealable?

Mr. BARROW: Thirty per cent are appealable.

Mr. THORSON: But there are a great number of cases which are appealable under the Statute which do not come to you at all?

Mr. BARROW: Oh, quite so.

Mr. MCGIBBON: What I am trying to get at is why those cases were not appealable?

[Messrs. Thompson, Kee and Paton.]

Mr. BARROW: The Act provides that an appeal shall be taken only on certain cases.

Sir EUGENE Fiset: Mr. Chairman, in fairness to the Pension Board, do you not think Mr. Barrow should explain that there are perhaps 30 per cent appealable cases, but there are not 30 per cent of the cases which have been appealed.

Mr. THORSON: Why?

Mr. BARROW: I think I made that clear just now, that 30 per cent are Canadian entitlement cases. I would not say that the 30 per cent are adjusted, but are considered by the Pension Board.

Dr. KEE: I would like to make a statement here in regard to this.

The CHAIRMAN: Mr. Bowler, as official soldier advisor and not as a representative of the Legion, states that only 30 per cent of the cases on which decisions have been given by the Board of Pension Commissioners are appealable.

Mr. BOWLER: That is approximately correct.

The CHAIRMAN: That is as a soldier advisor and not as a representative of the Legion. The Legion does not handle all cases that are appealable. And Dr. Kee says that that is an error.

Dr. KEE: I think you are misunderstood, Mr. Bowler.

Mr. BOWLER: I may be misunderstood, but I am not incorrect in my statement. Take a case for example. It may be an appealable case. You may succeed in your appeal, or may adjust it before the Board of Pension Commissioners. After you have got that, you may have two more claims out of that same case. You may have, first of all, a claim for a higher pension. There is no appeal on that. Then you may have a claim for reclassification, and if rejected, there is no appeal on that. In that way the proportion is so much greater than the appealable cases. I think that is so, and that it is correct information I have given you.

The CHAIRMAN: Allow me to put this question to the Doctor. Out of the 1,100 odd cases that came before you in February, 49 were on assessment, and therefore eliminated, in so far as the present Act is concerned, for appeal.

Dr. KEE: Exactly.

The CHAIRMAN: And of the remainder how many would be appealable?

Dr. KEE: Eight hundred, or eight hundred and fifty.

The CHAIRMAN: Eight hundred and fifty under the present Act would be appealable?

Dr. KEE: Yes, under the present Act.

Sir EUGENE Fiset: But in no case would the Board of Pension Commissioners take any action to send these cases to the Board of Appeal unless it comes through either the Legion or through the advisors in the districts, or through the applicant himself.

Dr. KEE: That is scarcely right. We give a decision. A certificate comes in that a man has rheumatism. Our decision is that rheumatism is a post discharge condition, and we write and tell him. If he writes back on complaint that he does not accept our judgment, we will refer that to the Federal Appeal Board to take his claim there. Unless he complains, we do not refer it.

Mr. BLACK (Yukon): What percentage of appealable cases are appealed?

Dr. KEE: There must be a very small percentage, I would say, that are not. I do not think that there are 20 per cent or 15 per cent, according to our records, appealed, of appealable cases.

[Messrs. Thompson, Kee and Paton.]

Mr. BLACK: That means that those that are not appealed are satisfactory decisions?

Dr. KEE: Well, I do not know that it means that. They may appeal in the future. They have years to appeal. Men are very dilatory about that.

Mr. THORSON: Could we have some reasonably accurate figures later on, that you can check that on, as to the percentage of appealable cases that are actually appealed?

Dr. KEE: Yes, we will be able to give you that within a certain time, because they have two, three, or four years within which to put in their appeals.

Mr. THORSON: Over the period of years within which you have figures.

Dr. KEE: Yes. Comparing our records with the Appeal Board, we can give you that.

Mr. McLEAN (Melfort): Will you state the grounds of appeal and the procedure?

Dr. KEE: If he produces new evidence it can go through all over again. But we get away from these appeals. There is an association in Toronto who take up 80 per cent of all cases with us, including all the soldier advisors and soldiers' organizations of Canada. I understand it takes up a very large percentage with the Federal Appeal Board, and it informs me that between 80 and 90 per cent of all the cases that it takes are appealed.

Mr. CLARK: Appealed, or appealable?

Dr. KEE: Appealable.

Sir EUGENE Fiset: If he states that the Board of Pension Commissioners have given a decision that the injury was not incurred on service, that this position has been reversed by the Federal Board of Appeal, their decision being that the injury or disease was aggravated during service, and that the Board of Pension Commissioners on receiving this judgment from the Federal Appeal Board has assessed the aggravation as negligible, is this so?

Dr. KEE: That is not correct. In no case has it ever been done. The Chairman of the Board issued instructions, when the Federal Appeal Board was formed, that no judgment should be nullified by not giving some assessment. That decision has been strictly carried out.

Mr. CLARK: Of those 800 cases you referred to, did any of them involve the question of assessment?

Dr. KEE: Forty-nine.

Mr. CLARK: Of the 800 that could be appealed, would any of them involve the question of assessment?

Dr. KEE: Assessment is not appealable under the present Act.

Mr. CLARK: A case may possibly be appealed on more grounds than one. Did any of those cases involve more grounds than one?

Dr. KEE: I do not understand you, General Clark?

Mr. CLARK: Did you ever hear of a case that had more than one ground of appeal?

Dr. KEE: No, the ground of appeal is only for entitlement at the present time, "Aggravated" or "Incurred on".

Mr. CLARK: As to those 800 cases, they all involve the question of entitlement; they were all new applications?

Dr. KEE: All new applications that had never come before the Board for that special injury or disease. Let me make that clear. A man may have 100 decisions provided he gets a diagnosis of 100 different diseases, and he may have one hundred appeals.

[Messrs. Thompson, Kee and Paton.]

Mr. CLARK: These are all cases then outside of the 49. The full number of 1,100 were cases which involved the question of entitlement?

Dr. KEE: Yes, or injury.

Mr. CLARK: That is, they were cases of applicants that had no pensions previously?

Dr. KEE: Absolutely, for that injury or disease; they may have been on pension for something else. Those men may have been on pension for another condition. Sometimes we may get a decision from the Board in the morning for one man, as to five different diagnoses.

Mr. CLARK: Do you suggest that that is a typical month?

Dr. KEE: That is probably one of the largest. Our months have been averaging between 700 and 800.

Mr. CLARK: Could you give to the Committee the figures, month by month, over a period of years and show in those figures the number of cases that involve the question of assessment, and therefore, are not appealable?

Dr. KEE: I can give you every case that has come before the Board for the last year; the day it came before us; the injury or disease; assessment, entitlement, or anything; exact statistics.

Mr. CLARK: I think it would be enlightening to the Committee to have those given month by month over a period of two years. The number of cases dealt with in each month, and the number in each month that involve the question of assessment, and were therefore not appealable.

Dr. KEE: We will be very glad to give you that.

The CHAIRMAN: On grounds of assessment, or on any other grounds.

Mr. CLARK: Not appealable on grounds of assessment, or any other grounds. I will take it that in this particular month the Pensions Board has had no cases before them in which the question of discretion was involved. There were only 49 of the total of 1,100 cases—only 49 were not appealable, therefore, none of the others involved the question of discretion.

Dr. KEE: General Clark, these are disability and death cases. Disability and death cases have nothing to do with dependents. There are decisions given every day regarding dependents which I am not concerned with, because I have nothing to do with the medical end of it.

Mr. CLARK: I was taking it that you were giving all the cases.

Dr. KEE: Then there must be very much more than that.

Mr. CLARK: I would want the total cases, not merely the cases you are familiar with. I thought you were speaking of all the cases that had come before the Board of Pension Commissioners.

Dr. KEE: I thought I confined that to entitlement and disability, and death cases. I am sorry if I did not make that clear.

Mr. McGIBBON: To clear up a point; if I understand you correctly, you work in harmony with the Appeal Board as far as assessment is concerned?

The CHAIRMAN: They cannot do otherwise, because the assessment does not go before the Federal Appeal Board; so it would be hard for them not to be harmonious.

Mr. McGIBBON: Take the case the General cited, where he said there was no aggravation on service and the Appeal Board said there was. The statement was made here that there was no award. Then in that case, you accepted the verdict of the Appeal Board that there was not aggravation.

Dr. KEE: Exactly.

Mr. McGIBBON: Am I right or wrong?

Dr. KEE: You are right.

Mr. McGIBBON: What is the minimum aggravation you have given?

Dr. KEE: We always try to give a pension; that is five per cent or over. If the total was five, we might give a gratuity. The cases are so few that I cannot recall any at the present time. A gratuity is four per cent; three per cent; two per cent and one per cent. One hundred dollars, seventy-five dollars, and twenty-five dollars. If his total was five, he would get a gratuity for aggravation.

Mr. McGIBBON: That is, you do not ignore the decision of the Appeal Board?

The CHAIRMAN: With regard to diagnosis, there is a case that is published, that came before the Exchequer Court. There is no reason for withholding the name, it is the Ouellette case. Will you tell us why you refused a pension after the Appeal Board had said a pension should be awarded?

Dr. KEE: We received a doctor's examination in the Ouellette case saying that the man had defective vision. Defective vision is a disability, not a disease. It may be due to one or a hundred or fifty different diseases. So it comes to us, and the man that examined him says this man has a congenital hypermetropia, or myopia; anyway, a congenital condition of the eye—for which I wear glasses and probably others here also. Our decision is that hypermetropia resulting in defective vision is a congenital condition not aggravated on service.

The CHAIRMAN: What happened then?

Dr. KEE: Then the soldiers' advisor—I think Mr. Pettigrew from Quebec—comes up and he says, "Doctor, I do not agree with this, and I have got a Doctor Fiset or someone here who has said that this is optic atrophy, and the man who sent in this certificate is wrong." So I said: "Well, Mr. Pettigrew, we do not make the diagnosis; whom would you agree to to examine this man, if I asked the Department to take him some place? Would you agree to have him brought to Ottawa and examined, probably by one of the best doctors in Canada, of the eye specialists?" He says: "I will agree to your diagnosis." I say: "I cannot make the diagnosis, that is not my job, and I must refuse to make any diagnosis." Well, we talked the matter over, and he brought this man to Ottawa, and had him examined, and he said they would accept the diagnosis of Dr. Minnes, and we would agree. I asked the Department to bring him to Ottawa, and we had him examined by Dr. Minnes, and he gave a very long report confirming the diagnosis as originally given. Then the case went to appeal. Then the Federal Appeal Board issued a judgment that the defective vision due to optic atrophy was due to injury occurring on service.

The CHAIRMAN: Was that on the same evidence?

Dr. KEE: Yes.

The CHAIRMAN: In this case, you took the evidence of Dr. Minnes.

Dr. KEE: Yes, as an arbitrator.

The CHAIRMAN: As against the evidence submitted by the official advisor.

Dr. KEE: By an agreement with the claimant's solicitor or advocate. That was agreed upon.

The CHAIRMAN: Are you stressing the fact that you had an agreement?

Dr. KEE: I am stressing the fact that this was an arbitration board agreed on by him.

The CHAIRMAN: The arbitration board being one doctor.

Dr. KEE: Yes.

[Messrs. Thompson, Kee and Paton.]

Sir EUGENE Fiset: Are you sure there was not a new fact mentioned in Dr. Minnes' report, that it was not optic atrophy? Is your memory absolutely good there?

Dr. KEE: I think I have a very good memory of that case.

The CHAIRMAN: I want to make this quite clear: Is it conceivable or possible that the appellant suffered, owing to the fact that his legal advisor, or the official soldiers' advisor, entered into some agreement with you? Would that be possible?

Dr. KEE: It might be possible in so far as medical men do err in making diagnoses. That is the only way it could be possible.

The CHAIRMAN: I am not questioning you on that at all. You stress the point that an agreement was entered into between the official soldiers' advisor, and yourselves, to submit this case to Dr. Minnes, a reputable and well-known physician; and after that agreement was arrived at, you refused to hear any further evidence?

Dr. KEE: No, I would not say that. I said that with regard to the diagnosis. We said that is the arbitration agreed on, and that is the diagnosis agreed on, and we have to stand by that.

The CHAIRMAN: So, if the soldier in question had said, "I was not present at this agreement, and I did not authorize Pettigrew to make an arrangement with you, and I have Dr. so and so, and Dr. so and so, and I wish you to examine their certificates", then what would you do?

Dr. KEE: We would say we are powerless; we cannot decide; it has to be decided by some one outside. If you agree to a board of arbitrators, and back down, that is not our funeral; we cannot help it.

Mr. CLARK: In other words, if he brought five certificates from new doctors or specialists, you would refuse to admit that as evidence.

Dr. KEE: You would ask me to decide which of those specialists were right?

Mr. CLARK: I am asking you a question, and I would like an answer. If that man brought in a certificate from five specialists, whose certificates you did not have there before, you would not admit it as new evidence because you had had an arbitration agreement with the man's solicitor or advocate?

Dr. KEE: Well, I do not know that we have ever had such a case. If I thought there was sufficient evidence, and it was doing the man an injury, I would be glad to have twenty boards of arbitration.

Mr. CLARK: Perhaps I have drawn a wrong inference, but I have drawn that inference, that if this man produced the certificates of five different specialists, you would not recognize those certificates, because there had been an arbitration agreement, and Dr. Minnes was the one you considered yourself bound by.

Dr. KEE: I think I stressed that too much. I would not be bound by any arbitration agreement but to show that we were trying to be fair, that there was some agreement arrived at in respect of a diagnosis of a claim.

Mr. MCGIBBON: Would you be willing to do this: Using that case as an example, would you be willing to reopen that case if sufficient evidence were given.

Dr. KEE: We would reopen any case twenty times.

The CHAIRMAN: This case was carried to the Federal Appeal Board and they declared that this man was suffering from a certain disease, and that a pension should have been awarded. That was refused by the Board of Pension Commissioners, and was afterwards carried to the Exchequer Court of Canada. I am not discussing the agreement; at least I do not wish to bring up the dis-

[Messrs. Thompson, Kee and Paton.]

cussion between the soldiers' advisor and the Board. The official soldiers' advisor says here:—I am translating—"I declare that there is evident bad faith on the part of the Board of Pension Commissioners, because I never declared to Dr. Kee that I accepted the opinion of Dr. Minnes." Even leaving that out of the question, and even if it were so that he had advised the Board of Pension Commissioners that he had submitted to the judgment of this arbitrator, I asked Dr. Kee, and I think General Clark agrees with me, whether that would effectually debar the applicant from submitting any further evidence.

Mr. THORNSON: If you have these five conflicting diagnoses, what do you do with them?

Dr. KEE: I tried to make myself clear, that we are helpless unless we can still ask someone to arrive at the proper diagnosis.

Mr. THORSON: What did you do in that case?

Dr. KEE: I should think, if those were from good men, we would probably appoint another board. I would take it before the Department for their opinion, and ask them to appoint another board.

Mr. CLARK: In this particular case, did the man, subsequently to Dr. Kee's report, submit any additional doctor's certificate?

Dr. KEE: He may have.

Mr. CLARK: I want to know if he did as a fact.

Dr. KEE: I have not the file before me.

The CHAIRMAN: Reading from the file, I find a letter signed by Mr. Pettigrew, Official Adviser. (Reading):

Re: 416092 Isidore Ouellet

Sir:—With reference to your communication of the 9th of June, in which you state that Dr. Minnes has changed his diagnosis in this case, please be advised that I cannot accept the decision of the Board, and therefore I am proceeding in the Exchequer Court.

I had Ouellet examined by eyes specialists and their diagnosis is optic neuritis.

I am enclosing for your information a medical certificate signed by Dr. J. Vaillancourt who is an outstanding eyes specialist. Dr. Vaillancourt states that Ouellet is suffering from optic neuritis.

You will understand that it is impossible to accept your decision.

If the Department accept my suggestion, I would propose to have Ouellet medically re-examined again by a Board of five specialists composed of 1. Dr. Minnes, Ottawa; 2. Dr. R. J. Kee, Ottawa; 3. Dr. J. A. Tousignant, 525 St. John St., Quebec; 4. Dr. J. Vaillancourt, 46 St. Louis St., Quebec.

These four doctors, if they do not arrive at the same conclusion, will choose another specialist who will decide.

In Mr. Ouellet's name I am ready to accept the decision of the Board.

Yours very truly,

(Signed) ACHILLE PETTIGREW, O.S.A.

Then, the answer to that is as follows (reading):

Re: No. 416092, Isidore Ouellette

DEAR SIR,—Your communication of the 14th instant, with enclosure, addressed to Dr. R. J. Kee relative to the marginally noted, has had the Board's consideration.

When you discussed Mr. Ouellette's case with Dr. Kee it was agreed that the opinion of Dr. Minnes would be final and as such would be [Messrs. Thompson, Kee and Paton.]

acceptable to you. The Commissioners are now surprised to learn that you desire to re-open the case and have it submitted to a Board of specialists.

In view of your refusal to accept Dr. Minnes' opinion the Board has no reason to believe, should the finding of the specialists you suggest be unfavourable to your client, that you would accept their verdict.

The Commissioners have done everything in their power to definitely determine the nature of the disability from which Mr. Ouellette is suffering and have decided that the evidence submitted establishes that his defective vision is amblyopia exanopsia due to the refractive error, a congenital condition and not incurred or aggravated during military service. He is, therefore, not entitled to pension.

Yours truly,

J. PATON,
Secretary.

Mr. THORSON: In that case it would seem that you have determined which diagnosis is to be the right one.

Dr. KEE: Well, not altogether. Supposing the others decided the same thing, we would be in the same fix.

Mr. THORSON: You have decided that you had several diagnoses before you in that case, and because of an agreement made between the parties—

The CHAIRMAN: Which agreement is denied.

Mr. THORSON: It may be decided. You decided that you would accept the one diagnosis in preference to the other.

Dr. KEE: No, we said, "if we appoint this Board, we have no more authority that you will accept their findings than we had that you would accept the finding of Dr. Minnes."

Mr. McGIBBON: The first agreement was not in writing.

Dr. KEE: No, it was not in writing.

Sir. EUGENE Fiset: Mr. Chairman, have you not there before you the correspondence, not with the Board of Pension Commissioners, but with the Board of Appeal, showing the character of the disease, and the new medical evidence produced before the Board of Appeal.

The CHAIRMAN: I cannot tell you that, I do not know.

Sir EUGENE Fiset: I think the Board of Appeal had new evidence submitted to them, that the condition was not congenital.

Mr. THORSON: Even if they had new evidence, under the law, they could not change it.

Sir EUGENE Fiset: I know they cannot change it, but they can refer it back, and the Board of Appeal could have suggested to the Board of Pension Commissioners that a new committee of specialists be appointed to deal with this case.

Mr. McGIBBON: Did they do that?

Dr. KEE: No.

Mr. CLARK: Have you this particular file before you?

Dr. KEE: No, I have not.

Mr. CLARK: You have not anything here relating to this particular man.

Dr. KEE: No, I did not know it would come up.

The CHAIRMAN: I did not know it would come up, but I thought it might throw some light on the subject. I do not know that we should re-discuss this any further. I only brought it up by way of illustration.

[Messrs. Thompson, Kee and Paton.]

Mr. HEPBURN: Mr. Chairman, there must be some finality somewhere in reference to a medical determination. The Pension Commissioners are entitled to some consideration. They cannot continue a case forever.

Sir EUGENE Fiset: May I ask the Board of Pension Commissioners, what is the regular routine, the regular mode of procedure. In dealing with special classes of cases, is their final evidence or final summary of the file that they have before them submitted to Dr. Kee for final decision, and then brought before the Board? That is what I would like to ascertain, the routine, procedure when a case leaves the Department. Will you explain exactly that procedure?

Dr. KEE: Yes. Of course, they do not all come through the Department. A large percentage of them come from soldiers' organizations.

Sir EUGENE Fiset: By the Department, I mean the Board of Pension Commissioners. When they reach you, what happens with those cases?

Dr. KEE: Well, a letter comes in with what we call a medical certificate on it, saying that a pensioner has arthritis, and he is in bed sick. That is signed by the doctor of the locality. Now, if he has a file, we draw that file. If he has no file, we draw the military documents, and create a file.

Sir EUGENE Fiset: Have you got a classification of these cases? Have you a medical practitioner attached to your Board here, one man dealing with this special classification, and would he draw a special classification file?

Dr. KEE: If they are decided to be of any disease, tuberculosis, nervous disease, etc.

Sir EUGENE Fiset: There is one man attached to your Department who deals with that class of cases?

Dr. KEE: Yes.

Sir EUGENE Fiset: And that evidence goes to him?

Dr. KEE: He reviews the whole file and puts a precis of the whole case on the file. He makes no recommendation. That is read at a meeting of the Board. That comes to me. First, I look it over. If there is anything required, I send it back, and we have a meeting among the doctors. Then I attend a meeting of the Board, and present these cases each morning at nine thirty. They put their decision on from the evidence on the file. Some may not go on for weeks. They may order it back for some evidence, or send it to an outside specialist for opinion with regard to the relation to service.

Sir EUGENE Fiset: All they do with these cases is relating to the evidence that is before them. You do not attempt a diagnosis of the case?

Dr. KEE: None whatever. They must not put anything down of their own diagnosis. Sometimes they do, but when it is brought to me we send it out.

Sir EUGENE Fiset: When these cases are brought before the Board as a whole, if you are not satisfied with the medical evidence contained on the file, you ask the D.S.C.R. to create another Board, or collect other evidence that may satisfy your officials that this medical evidence is complete.

Dr. KEE: Quite so. We may write to the doctor.

Mr. CLARK: Mr. Chairman, I think that in view of the discussion we have had about the case you have mentioned, it would be well for Dr. Kee to look at the file, and ascertain and state to the Committee whether any additional medical evidence was tendered, and refused, or whether any additional medical evidence was tendered, and appears on the file, and if so, the nature of it. Otherwise, we are going to have a misunderstanding.

The CHAIRMAN: I only brought this up in order to inquire—

Mr. CLARK: It has been brought up.

[Messrs. Thompson, Kee and Paton.]

The CHAIRMAN: To inquire and find out whether or not the Pension Board used its discretion, or rather, whether the medical adviser of the Pension Board used his discretion to decide what was the proper diagnosis without having had a diagnosis submitted by a medical practitioner. I wanted to get at that, and I think we have established pretty clearly from Dr. Kee that they sat in judgment on the medical evidence submitted, and said, this is the diagnosis, and not this or that. Am I right or wrong? I thought this case was a type case.

Dr. KEE: No, I can only take one at a time.

Sir EUGENE Fiset: What you mean is this, sir: That they judge on the character of the medical evidence produced before them; they do not give a diagnosis of their own, but they choose whatever diagnosis is submitted to them in writing.

Mr. ILSLEY: I think they decide on the method that should be adopted in obtaining the diagnosis. They say that in this case they exhausted every reasonable method of obtaining the correct diagnosis. They not only took a very eminent specialist, but they secured an agreement of the soldiers' advisor with the specialist. Then they said, "there must be a finality to this, and we must stop there." They did not decide on the diagnosis, but on the method.

Mr. THORSON: Then there was a subsequent diagnosis submitted to them, which they rejected. It came before the Court, or the final Appeal Board, and that Board cannot receive new evidence.

Mr. MCGIBBON: The whole thing is this: The Board of Pension Commissioners said, "we have an agreement." Unfortunately it was not in writing, and the other party repudiated the agreement.

The CHAIRMAN: I wish to inquire whether you do not go a step further as indicated by Mr. Ilsley. If you have a bundle of medical certificates, seven or eight, from different doctors, do you pick one of these and say, "Now, this is the doctor that gave the proper diagnosis, and not the six or seven others."

Dr. KEE: I did not know you were asking me a question.

Col. THOMPSON: If a man comes in and says, "I shift my ground and I have something else. If there is a reasonable doubt as to the diagnosis, and the man complains about it, we stand on the outside specialists' diagnosis.

Dr. KEE: There is a letter here from Mr. Pettigrew which will explain how these cases are taken up. I would like to read it if I may.

Mr. CLARK: I thought you said you had not the file there?

Dr. KEE: This is another file. (Reading):

"QUEBEC, October 20, 1927.

The Secretary,
Board of Pension Commissioners,
Ottawa, Ontario.

DEAR SIR,—I wish to submit to the Board of Pension Commissioners for Canada the following documents in this case.

(1) Sworn statement from Dr. L. N. J. Fiset, M.D., and O. Frenette, M.D., both Eyes and Nose Specialists;

(2) X-Ray report from Dr. R. Potvin, M.D.

Will you kindly give a ruling at your earliest convenience, as this case is presently before the Federal Appeal Board.

That is signed by Mr. Achille Pettigrew. We had given a decision on this: "Rhinitis post discharge."

[Messrs. Thompson, Kee and Paton.]

Then I wrote this reply. (Reading):

DEAR MR. PETTIGREW:—

1. With reference to your communication of 20-10-27 with enclosures pertaining to the claim of the marginally noted man, the decision of the Board in this case is that rhinitis arose post discharge. The Board do not claim to make diagnosis in these cases, and they will be glad to give a decision as to entitlement to pension on any diagnosis which can be established.

2. It is noted from the medical certificates which you have submitted that Dr. Fiset and Dr. Frenette do not agree with Dr. McKee and Dr. Bowie as to the diagnosis in this man's case, and the Board are desirous that a diagnosis shall be arrived at, which the claimant and the Board as well can accept as the proper one.

3. Have you any suggestions to make as to whether the man would accept the report of some independent specialist as to the proper diagnosis, as an arbitrator between the reports of the Departmental specialists and the man's own physicians? Your suggestions along this line will be awaited.

R. J. KEE, M.D.

Chief Medical Advisor, B.P.C.

Then I received this reply from Mr. Pettigrew. It is dated the 13th December, 1927. (Reading):

With reference to your communication of the 31st October last, concerning the case of the marginally named ex-soldier, I wish to state that I have great confidence in you and I have no doubt, that after having examined certificates from the man's own physicians and the Departmental specialists, you will be in a position to give a proper diagnosis.

But, you will understand that this man does not renounce his right of appeal before the Federal Appeal Board.

I am morally convinced that your diagnosis will give this ex-soldier full and entire justice.

And in reply to Mr. Pettigrew, I said (Reading):—

SIR:—

1. With reference to your communication of 13-12-27, I appreciate the confidence which you have expressed as to my ability, but the Board of Pension Commissioners do not make the diagnosis, but give their decision as to entitlement on the diagnosis arrived at by the examining physicians, and they, therefore, also ask the Federal Appeal Board to hear the appeal on the same diagnosis.

2. The only suggestion I can make in this case is that an outside board of arbitration be appointed to examine this man and decide the proper diagnosis of his condition, and that the man agree to accept the findings of this board of arbitration as to the names of the doctors suggested on this board of arbitration will be submitted for your approval.

Yours very truly,

R. J. KEE, M.D.,

for the Secretary,

Board of Pension Commissioners for Canada.

That is dated the 28th December, 1927.

MR. THORSON: You are citing these to illustrate the course of procedure.

DR. KEE: Certainly.

[Messrs. Thompson, Kee and Paton.]

The CHAIRMAN: Now, if you follow up Dr. McGibbon's question, is there any provision made for the appointment of this board of specialists?

Dr. KEE: The D.S.C.R. will pay them in all cases.

Mr. MCGIBBON: My question went a little further than that. Supposing he lived away back in the northern part of Ontario?

Dr. KEE: They will bring him down and pay all his expenses for all his witnesses and everything.

Mr. THORSON: You say this is the procedure adopted in all cases of conflicting diagnosis?

Dr. KEE: Yes, the point to which it should go after that board sits is hard to decide in some cases.

Sir EUGENE Fiset: Suppose that decision is not accepted by the Departmental Adviser, that he carries the case to the Board of Appeal for reconsideration of the medical evidence submitted to you and on your file you decide that the illness from which he was suffering is not congenital, as in the case mentioned by Mr. Power, and they give a decision contrary to yours; would you accept the decision of the Board of Appeal?

Dr. KEE: No.

Sir EUGENE Fiset: Why not?

Dr. KEE: Well, the Justice Department say that under the present Act the diagnosis has to be based on the record.

Mr. THORSON: You cannot vary the diagnosis?

Dr. KEE: That is the law.

Mr. BLACK (Yukon): Suppose on the same diagnosis they come to a different opinion.

Dr. KEE: On the same diagnosis, yes, we must.

Mr. BLACK: If the decision is reversed, you act on their decision?

Dr. KEE: We must.

Mr. THORSON: If there is a difference of opinion as to attributability, you accept that; but if there is a difference of opinion as to diagnosis, you cannot under the law?

Dr. KEE: No.

Col. THOMPSON: That would really be an appeal on the diagnosis, or possibly on a matter that you have not before the Board.

Mr. THORSON: The only question that was before the final Appeal Board was attributability?

Dr. KEE: Entitlement.

Mr. THORSON: Nothing else was before the final appeal board?

Dr. KEE: No.

The CHAIRMAN: Perhaps Colonel Thompson will make that clear to the Committee? If so, we will appreciate it.

Col. THOMPSON: In a question of diagnosis, I think this is an analogy: If I agree to sell a horse to Dr. Kee for \$100, and he says it was \$120, or \$80, and I pay him \$100; if there is a decision of the court, he appeals or I appeal, and then the court of appeal says, "you did not agree to sell the horse at all, it was all a question of a pig," then there would be a question on appeal which was not before the court of original jurisdiction. That is why Section 51 of the Statute provided that on the evidence there he was entitled or not on the original question before them.

[Messrs. Thompson, Kee and Paton.]

Mr. THORSON: The soldier is not so much interested in the diagnosis; he knows he is suffering from an illness, and he believes it is attributable to his war service, and he wants that question determined.

Col. THOMPSON: The question is, what is his illness?

Mr. THORSON: Well, that is the complaint. The soldier says the Federal Appeal Board should have power to determine on the medical evidence what his illness really is.

Col. THOMPSON: We do not do that. We say we cannot do it.

Mr. SPEAKMAN: On the question of diagnosis: supposing you receive a certificate from a local doctor that a man is suffering from acute arthritis. That is his diagnosis and it is accepted. But if in addition he states that in his opinion it is due to service; that is simply an opinion and is not part of the diagnosis and is not necessarily accepted.

Dr. KEE: That is right.

Mr. SPEAKMAN: The diagnosis refers merely to the complaint itself, and any opinion in regard to the origin of the complaint is outside of the sphere of that.

Dr. KEE: Quite.

Mr. CLARK: What is the good then of the diagnosis? Who is capable of determining whether the particular disease was due to his service, other than the doctor?

Dr. KEE: Well, we have laymen on the Federal Appeal Board, and laymen on the Board of Pension Commissioners, and they have all the evidence before them.

Mr. THORSON: You accept lay evidence as well as medical, and you weigh that evidence on the point of attributability.

Dr. KEE: Exactly. It has been said that entitlement is as much dependent on the judgment of the good layman as on a doctor, or more so. The doctors sometimes dispute that; I do not know if it is right or not.

Mr. HEPBURN: Questions of this nature will always be open to differences of opinion. I had a case before the Succession Duty offices in Toronto. A solicitor took a certain stand, and the Provincial Treasurer took a different stand, and it was referred to an eminent lawyer to decide.

Mr. SANDERSON: Perhaps they were manœuvring for a law suit.

Mr. HEPBURN: No, it was simply their opinion and some one must determine.

Mr. CLARK: Then the result of this situation, Mr. Kee, is that the diagnosis may be serious so far as the man's health is concerned, but in every case the Pensions Board may say, the man is suffering from that disability, but it was not due to the war, and therefore he is not entitled to a pension.

Dr. KEE: No. We would not give a decision at all until we got a diagnosis.

Mr. CLARK: You have misunderstood me. You say that you always accept the diagnosis, and I will accept your statement that you always accept the diagnosis, and you have a diagnosis before you, the Board of Pension Commissioners.

Dr. KEE: Yes, tuberculosis, for instance.

Mr. CLARK: In every instance, they can refuse pension, regardless of the diagnosis, because all they have to say is that it was not due to service. That is correct, is it not?

[Messrs. Thompson, Kee and Paton.]

Dr. KEE: If in their opinion it is not related to service, yes.

Mr. CLARK: And that is really the difficulty and the cause that gives rise to a great deal of misunderstanding on the part of applicants for pensions, because they say: "My doctor says I am suffering from such and such a disease, and it was related to service." And that diagnosis, or whatever you may call it, comes before the Board of Pension Commissioners, and pension is refused. The man cannot understand why he was refused a pension, his doctor having diagnosed his disease, and having stated further that it was connected with service.

Dr. KEE: Quite. That upsets the claimant very much.

Mr. CLARK: And that is the real difficulty, is it not?

Dr. KEE: There is a difficulty there because in nearly every claim, or a great many of them, hundreds, I think, in a month, their doctors do not hesitate at all to say it is related to service.

Mr. CLARK: What the man understands, and what I must confess I understood when you said you accept the diagnosis, was that a part of that diagnosis was tracing the history of the disease, and connecting it with service. But even though the doctor may diagnose the case, and trace the disease, and connect it with the service, that is in no way binding on the Board of Pension Commissioners?

Dr. KEE: Not binding, no, sir. But, it would be taken into consideration.

Mr. CLARK: And there is a strong possibility that the connecting of the disease with service will not be accepted.

Dr. KEE: I would not like to say that, sir. .

Mr. CLARK: But there are many cases in which that has happened.

Dr. KEE: Some cases, yes.

Mr. CLARK: I say there are many such cases.

Dr. KEE: Where the doctor says it is not related to service, then we turn it down. Many? I would say so.

Mr. ADSHEAD: From what do you determine that it is not related to war service?

Dr. KEE: We have his complete file, and all the evidence he can get to send in, and the nature of the disease. That is very important, the nature of the disease, in determining its relation to service. Some disease are of two years' duration, and others of ten years' duration.

Mr. ADSHEAD: You do not ask the applicant to establish by concrete evidence before you that it is due to war service?

Dr. KEE: Yes, that is in his own interest; everything he can put up.

Mr. ADSHEAD: And if he cannot do that?

Dr. KEE: He cannot get a pension.

Mr. THORSON: He cannot get a pension. The onus of proof is on him.

Mr. HEPBURN: Do you not think a great many doctors say it is related to war service?

Dr. KEE: Yes, that is my opinion.

Sir EUGENE Fiset: Is it a fact that when dealing with one of these cases, you first of all deal with the question of diagnosis, and then you deal with the phase of the case whether it is attributable to war service or not. Those are two different things all together?

Dr. KEE: Exactly.

[Messrs. Thompson, Kee and Paton.]

The CHAIRMAN: To-morrow, it is understood that the members of the Pension Board shall be here prepared to discuss this document submitted by the Legion.

Witnesses retired.

The Committee adjourned until Wednesday, March 14, 1928, at 11 o'clock a.m.

WEDNESDAY, March 14, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

Col. CHARLES W. BELTON called and sworn (Chairman of the Federal Appeal Board).

Col. C. B. TOPP called and sworn (Secretary of the Federal Appeal Board).

The CHAIRMAN: Col. Belton, have you any statement to make with regard to the workings of the Pension Act in reference to the Federal Appeal Board, or in reference to Pensions generally?

Col. BELTON: Mr. Chairman, I have thought that possibly I might recite what took place in the case of Ouellette that you have been considering; that is, what had happened in the Federal Appeal Board. It might perhaps save a good many questions being asked later. I have before me also the file, and while I think in the interests of saving time we may just touch the main points, while going on with the story. If at any time it is desired that the matter should be gone into more completely, you may ask to have the statements on the file read.

This man Ouellette had been on pension for some years, from 1919 up to April, 1923, for defective vision, due to optic neuritis. There was occasion to examine him again about this, and a report was given by a medical man that the condition was not optic neuritis, but an error of refraction, and as a consequence, his pension was cancelled. He also was on pension for disordered action of the heart, but that was continued. He then made an appeal to the Federal Appeal Board. His appeal stated that it was in respect of refusal of pension on account of sore eyes. That is the man's own description. The case came on, and the appeal was heard in the city of Quebec before one Commissioner, who, after hearing the case, reserved judgment. After his return to Ottawa, he referred the medical questions to the Federal Appeal Board's medical officers for an opinion. Their suggestion was that it being one of a very technical nature, the question should be sent to the Board's specialists' adviser on diseases of the eye. To him it was sent, and a statement was had from him. He made the statement definitely that the error in refraction in no way accounted for the defective vision. His statement did not in every way satisfy the medical officers. They felt that the question had not been entirely dealt with, and they brought the matter to the attention of the Chairman, and it was suggested that another specialist still might have the case sent to him. And, the medical officers were asked to suggest some local medical man of standing for such an opinion, and the case then was referred to him.

Mr. MACLAREN: Who was he?

Col. BELTON: I may say that I am purposely avoiding mentioning names, but they may be mentioned, if you desire it.

The CHAIRMAN: They may be mentioned.

Mr. MACLAREN: I just wanted to know if it was Dr. Minnes.

[Col. C. W. Belton.]

Col. BELTON: Yes, it was. He concluded in these words:—

Considering the evidence before me in a judicial way without knowing the professional standing of the doctors quoted, I would decide in the affirmative, that is, that the defective vision was incurred on and aggravated by his military service. Optic neuritis would result in optic atrophy with impairment of vision. Four doctors report optic neuritis, the first report, that of Dr. Hughes, being during service. No reason is given for the optic neuritis. Appellant states sight failed in 1919 following gassing and being blown up. Gassing would not cause optic neuritis but some injury to the head caused by being blown up might. The decision hinges on the diagnosis. Was optic neuritis really present as stated by four doctors, or was their interpretation of the fundus picture incorrect?

Personally I know Dr. McKee—who made the minority report upon which the Board of Pension Commissioners discontinued pension—and I appreciate his keen powers of observation with the ophthalmoscope. The other doctors I do not know, and cannot, therefore, put a value on their opinion. It is possible to misinterpret a fundus appearance.

Mr. ADSHEAD: Did Dr. McKee make an examination with the ophthalmoscope?

Col. BELTON: Yes, Dr. McKee was the Doctor who made the examination which caused the Board of Pension Commissioners to cancel the pension.

Mr. ADSHEAD: I was confusing that doctor with Dr. Kee here.

The CHAIRMAN: Was it Dr. McKee of Montreal?

Col. BELTON: Yes. This I propose to read in full, because it seems to be the whole situation.

Sir EUGENE Fiset: Before you go on, Colonel Belton, I am afraid I do not exactly understand what you mean by your medical examiner. Do you mean to say that the Board of Appeal has also established medical examiners of their own?

Col. BELTON: No sir, I said medical officers, or perhaps I might have used the word "medical advisers" and not "medical examiners".

Sir EUGENE Fiset: We understood that there was a staff of medical examiners of nine attached to the Board of Pension Commissioners. We also understood that the Board of Appeal had no medical staff of their own; that when they wanted to refer to medical evidence, they referred it to the Board of Pension Commissioners with a view to their obtaining further medical evidence, or for a further medical examination.

Col. BELTON: Yes.

Sir EUGENE Fiset: Then when you refer to the medical examiners, you refer to the staff of medical examiners of the Board of Pension Commissioners?

Col. BELTON: Yes. We have no medical examiners. These gentlemen were simply assisting us in coming to a conclusion upon the record that was before us. This document is addressed to the single Commissioner who heard the case at Ottawa, by the medical officer of the Federal Appeal Board. You will remember that all these matters, of course, went over quite a number of months, and necessarily took some time.

As can readily be seen from the file, this is a most difficult case. As there was a marked difference of opinion in regard to the cause of the

[Col. C. W. Belton.]

disturbance of vision, the medical officers with the consent of the Commissioners, submitted the case to two outstanding eye specialists, with a view to arriving at a fair conclusion. It is quite apparent that the appellant was pensioned for some years for defective vision contracted on active service.

Mr. ADSHEAD: How many years?

Col. BELTON: Four years, I think.

Mr. ADSHEAD: Before you took it in hand to have another examination?

Col. BELTON: I think the Board of Pension Commissioners will explain why that other examination was held. It appears to have been, I think, at the time of one of his examinations, a return examination, when he was referred to a specialist again. (Reading):

The cause of the defective vision was stated to be due to optic neuritis. This was accepted as correct by the Board of Pension Commissioners until February 6th, 1923, when on examination by Dr. McKee of Montreal, the opinion was given that defective vision was due to an error of refraction from amblyopia not due to service. After the report of Dr. McKee was received, all pension as regards the eye condition was discontinued.

Mr. ADSHEAD: The case was still doubtful though, was it?

Col. BELTON: No, I think not. I do not think it was doubtful in the eyes of the Pension Commissioners any longer. (Reading):

On January 29, 1924, Dr. Kee of the Board of Pension Commissioners states that defective vision was due to an error in refraction, was congenital and was not aggravated during military service.

On reviewing the case, we can only give opinion based on the evidence of the various eye specialists. In support of the position taken by Dr. Kee of the Board of Pension Commissioners, we have only the report of Dr. McKee, Montreal, February 6, 1923. Opposed to this viewpoint we have the opinion that defective vision is due to an optic neuritis, from the following specialists: Dr. R. A. Hughes, Dr. Turcotte, Dr. Ostigny, Dr. Loussignant and Dr. Ells. The weight of the evidence is thus all together in favour of the supposition that the defective vision is not as claimed by the Board of Pension Commissioners an error in refraction, congenital, but on the contrary, defect is due to an optic neuritis, the cause of which is unknown.

* * * *

The only other question is whether the optic neuritis was incurred during service or only aggravated. Dr. Hughes says it was present on enlistment, and aggravated by service. There is no evidence to support this conclusion. Summing it up, the appellant must be given the benefit of the doubt, and that is, the disturbance of vision is due to an optic neuritis incurred on service.

The judgment was then issued and the important paragraph is as follows. (Reading):

Upon examination of the record on which the Board of Pension Commissioners gave its decision, I find that there was a marked difference of opinion with regard to the cause of disturbance of vision. I have accordingly found that it was desirable to consult with two specialists in diseases of the eye, as well as with the medical officers of this Board. I am convinced from a review of the medical opinion available, that the defective vision in this case is due to an optic neuritis and that the weight of evidence indicates that optic neuritis was incurred on service.

The appeal is allowed.

The Board of Pension Commissioners, according to the statute, had then a month during which they might appeal this decision to a quorum of the Board. That was not done, but our Board was advised that they considered we had gone outside of our jurisdiction in the case, and that they did not intend to carry out the recommendation for pension.

Mr. ARTHURS: In what way did you go outside of your jurisdiction? By employing expert evidence?

Col. BELTON: That we made a selection of diagnoses.

The CHAIRMAN: Is it quite clear that you made a selection of diagnoses?

Col. BELTON: In this case?

The CHAIRMAN: Yes.

Col. BELTON: We had to make a selection.

The CHAIRMAN: The record shows more than one diagnosis.

Mr. CLARK: Were they all before the Pension Board?

Col. BELTON: Oh, yes.

Mr. CLARK: They were all originally before them?

Col. BELTON: Yes.

Mr. CLARK: And they made their selection?

Col. BELTON: Yes.

Mr. CLARK: And the selection they made was different from yours?

Col. BELTON: Yes. Now, in the course of time, other cases of a like nature may occur.

The CHAIRMAN: Will you continue with this case and tell us what happened to it.

Col. BELTON: That is all I know about it. That is all I am interested in.

Mr. ADSHEAD: The appeal was allowed.

The CHAIRMAN: The man has no pension. Will you tell us why?

Col. BELTON: I know that the Board of Pension Commissioners was supported in its contention by the Department of Justice.

The CHAIRMAN: On what ground?

Col. BELTON: On the ground that our act was ultra vires.

Mr. McPHERSON: Based on the fact that you had no legal right to change the diagnosis as shown. Is not that it in a nut-shell?

Col. BELTON: Yes.

Mr. McPHERSON: How many doctors actually made an examination of this man?

Col. BELTON: I have recorded five or six there.

Mr. McPHERSON: I lost track of them.

Col. BELTON: These latter ones did not examine the man. They simply examined the file, the story.

Mr. ADSHEAD: How much of a pension would be involved in that? How much per month did you allow?

Col. BELTON: We did not make any allowance whatever. We did not assess it at all.

Mr. ADSHEAD: How much would be allowed?

Col. BELTON: I do not know. I imagine perhaps a 30 or 40 per cent disability. I do not think he was blind by any means.

[Col. C. W. Belton.]

The CHAIRMAN: In this case, Colonel Belton, was there any evidence given before the Pension Commissioners showing that this man suffered from optic neuritis?

Col. BELTON: They gave him a pension for three years for optic neuritis.

The CHAIRMAN: So that upon the evidence, and the record upon which the Commission gives its decision, there was a diagnosis to the effect that he had optic neuritis?

Col. BELTON: That is the original record.

The CHAIRMAN: I am trying to understand how this decision of the Federal Appeal Board was ultra vires under the Act.

Mr. BLACK (Yukon): We have the opinion of the Department of Justice there.

Mr. ADSHEAD: Must you not have new evidence before you can take a case?

Col. BELTON: These are really matters outside of the powers of this Board. We have done this thing, and we leave it to you gentlemen to make what decision you please. We are going to carry out our instructions; we are going to follow the law as we understand it.

The CHAIRMAN: The point I am trying to get at is this: We are here to amend the Act, to make it clear, if possible, as to whether or not the Act requires amendment in order to deal justly with a case such as this. I think the members of the Committee are all agreed as to that.

Col. BELTON: Then perhaps I should indicate to you some of the reasons why we thought we were right.

Mr. MACLAREN: Mr. Chairman, as a matter of fact, was there not one diagnosis put on the record, and another to the Board of Appeal? Was that not the case? Hypermethropia, refractive errors.

The CHAIRMAN: The Act says: "On the evidence and the record." My knowledge of the military records is that the man's medical history sheet should be on it with a statement to the effect that he was suffering from this pensionable disease; because he actually did draw a pension. Therefore, as I understand it, the Federal Appeal Board had jurisdiction. Now, I want to find out why the Department of Justice said they had not. From a legal standpoint, I think that is interesting.

Mr. MACLAREN: The Pension Board accepted the diagnosis of refractive errors; hypermethropia. Is that not the case? Then, the case went to the Appeal Board with the diagnosis of hypermethropia. Therefore, I cannot see how the other diagnosis was available to the Appeal Board if they must take the diagnosis on the file.

By Mr. Ilsley:

Q. The Act does not state that they must take the diagnosis of the Board? —A. Speaking of the evidence and the record upon which it gave its decision. Q. Why can we not call the Board of Pension Commissioners?

The CHAIRMAN: Not so much the Board of Pension Commissioners as the Department of Justice.

By the Chairman:

Q. Can you give us the considered opinion they secured from the Department of Justice; have you or can you read into the record the decision or the opinion of the Department of Justice? If so we will then know just what we are dealing with.—A. Would that be the information they had or just the general reasons? I think those were given, and have already been stated in the record. Now there is this special requirement, which I might read.

By Mr. Adshead:

Q. Under what section of the Act?—A. It is Section 51, Subsection 8. The Act requires that any judgment rendered by the Federal Appeal Board, shall be signed by the Chairman and the Secretary and shall contain the following information:

- (1) The name, or names of the Members of the Board who heard the appeal.
- (2) The medical classification of the injury or disease causing the disability in respect of which the appeal has been made.

By Sir Eugene Fiset:

Q. Will you read that again?—A. (Reads): "The medical classification of the injury or disease causing the disability in respect of which the appeal has been made. (3) The medical classification of the injury or disease causing the disability in respect of which the appeal is allowed or disallowed, as the case may be. (4) If the appeal is allowed, whether the injury or disease resulting in disability was attributable to or was incurred during military service or pre-existed enlistment and was aggravated during service."

Would you mind if I analyzed this shortly. The first is not difficult. The second, the medical classification of the injury or disease causing the disability in respect of which the appeal has been made—to my mind, that is not any medical classification which may be selected by the Board of Pension Commissioners, it refers to a fact, not an opinion. It must be a medical classification of the injury or disease causing the disability, and it must be admitted. Our Board is not of much use if it is not just as capable of selecting a case as the other Board.

By Mr. McPherson:

Q. Do you claim that the Appeal Board has the right to go behind the findings of the Pension Board and examine the evidence upon which they based their decision and then change the diagnosis if they see fit?—A. Was it not your intention, if we found a man's disability was not due to service, that we should act accordingly? Did you not wish us to consider whether it was or was not, and then act accordingly?

Q. I am not questioning that point. I was asking you whether you claim that you could go behind the findings of the Pension Board and make your own diagnosis, from the same evidence?—A. They made a selection of diagnoses, and surely we could do the same thing.

Q. In this particular case, was the change in the diagnosis on the evidence which was on the record when it was handed to you, or was it based upon evidence you collected afterwards?—A. Absolutely on the evidence as it came to us.

Q. The same evidence?—A. Yes.

Q. When was the last examination made of this man's eyes, in what year?—A. The last we know of was made in 1923, by Dr. McKee.

Q. Has there been a proposal to examine him since? That is now five years ago?—A. Yes. That is, we dealt with the case up till then. I think you will get a better explanation from the Board of Pension Commissioners' records, of what happened afterwards, because that was the end of it so far as we were concerned.

By Sir Eugene Fiset:

Q. The fact remains that Mr. MacLaren is still under the impression that when the Appeal Board was dealing with the case you had simply the diagnosis of the Board of Pension Commissioners, not the complete file.—A. We had the complete file.

[Col. C. W. Belton.]

Q. That makes all the difference; you had all the evidence?—A. Yes. Clause 3 speaks of another medical classification.

Clause III. The medical classification of the injury or disease causing the disability in respect of which the appeal is allowed or disallowed as the case may be.

Well, now, as to why two classifications are required it is not a matter of, shall we do it, or not; we are required by the Act to make that medical classification as stated, "causing the disability in respect of which the appeal is allowed, or disallowed as the case may be," and that must be the classification that we decide upon in the case.

By Mr. Ilsley:

Q. There might be a different classification, and you might change it?—A. Quite so.

Q. That means that you might change the classification?—A. No, not that we may, it means that we must; we must give our own classification.

Q. It may be the same?—A. "Shall." It is mandatory. We have to put in some reason.

Q. You may or may not agree with the medical classification, in the Court below?—A. Quite so, but in the great majority of cases, in ninety-nine per cent of them, there is no trouble about that matter.

Q. The medical classification of the injury or disease, causing the disability, in respect of which the appeal is allowed may be different from the classification on which the appeal is taken?—A. Quite so.

Q. It necessarily follows from that you can select your own diagnosis; that is your argument?—A. We thought we should do these things, and we acted accordingly, but we found that the Department of Justice says we were wrong.

By Mr. Ross:

Q. When was this decision of the Department of Justice given?—A. I have not got the day, but it would be very soon after that.

Q. And when was that?—A. 1923, or 1924.

Q. You told me that you could not change the diagnosis, and I had to go back again on the case and have the diagnosis changed?—A. I think we explained those circumstances to you.

Q. There was no explanation whatever. You said you could not change the diagnosis?—A. We found by that decision that we could not.

By Mr. Ilsley:

Q. This medical classification is the same as a diagnosis, for the purposes of this discussion, not abstractly; it means the same thing?—A. The intention of it is right; they want to identify the disability as due to a certain definite thing, and it is desirable that that should be done.

The CHAIRMAN: Is it the desire of the Committee that we should hear the Pension Board, and that the opinion of the Justice Department be put into the record?

Mr. ARTHURS: First we should have the submission to the Justice Department.

The CHAIRMAN: The record is right here, the written submission. We had better have the whole thing on the record because this is a type case. If we get it clear in our minds, we can come to some conclusion as to whether the Act should be amended or not.

Dr. KEE, recalled.

J. A. W. PATON, recalled and sworn.

By the Chairman:

Q. Mr. Paton, can you give us the written submission, and the opinion of the Department of Justice?—A. The written submission by the Board of Pension Commissioners?

Q. Yes?—A. The Board of Pension Commissioners were of the opinion that this decision of the Federal Appeal Board was ultra vires so they submitted it to the Justice Department.

By Mr. Adshead:

Q. Under what clause of the Act has the Board of Pension Commissioners that right?

Mr. THORSON: There is no section under which they have that right.

The CHAIRMAN: Any Department can submit a case for an opinion.

Sir EUGENE Fiset: It is not the Board of Pensioners, it is the Department of Soldiers' Civil Re-establishment. It is submitted at the request of the Board of Pension Commissioners.

The CHAIRMAN: They possibly thought that if they paid anything illegally they might get into trouble with the Auditor-General.

Mr. ADSHEAD: Is the Board of Pension Commissioners superior to the Appeal Board?

Sir EUGENE Fiset: I am informed that the Board of Pension Commissioners submitted the case direct to the Department of Justice, and they claim that they had the right, under the Act, to deal directly. I was under the impression that it was part and parcel of the Department of Soldiers' Civil Re-establishment, and that any action they might take would come under their own official head.

The CHAIRMAN: I think Col. Thompson is prepared to discuss the sections of the Act. Was it the intention to give the Board full power and authority? That was the ground upon which the Commission was formed. If we have set up a dictatorship we have to blame ourselves for it.

Mr. ADSHEAD: The Board of Pension Commissioners may override it if they like. The Board of Pension Commissioners can appeal against a ruling of the Appeal Board.

The CHAIRMAN: It is not an appeal that they ask for; they ask if they may legally pay money. They are a department of the Government legally constituted for that purpose.

Mr. ADSHEAD: Do they do that in every case?

The CHAIRMAN: I do not know about every case.

Mr. ARTHURS: They accept the judgment of the Justice Department?

Mr. ADSHEAD: Do they accept the judgment of that Department?

The CHAIRMAN: All departments submit questions to the Department of Justice.

Mr. ADSHEAD: But all Departments do not submit all questions.

The CHAIRMAN: No, but questions in which there is any doubt in the mind of the Minister, or of the Deputy Minister. Let us get on and deal with the case. Let us refer to the submission itself.

Mr. BELTON: I have the reply before me here.

The CHAIRMAN: If it is considered advisable by the Committee that we should have the Deputy Minister of Justice here, I am satisfied with that. I quite agree that we should proceed in proper order, but unfortunately we have not got the witnesses here.

[Col. C. W. Belton.]

Mr. ARTHURS: Let us go on with the examination of Mr. Belton on some other point.

Col. BELTON: My intention was simply to show what had been done, to lead up to the incident. We have no quarrel. It is up to you to make the law and we will carry it out.

By Mr. Adshead:

Q. In the meantime the man has no pension?—A. The man has no pension in the meantime.

The CHAIRMAN: There is a suggestion that we at once hear what the Department of Justice said. Is it the opinion of the Committee that we should do that now? (Carried).

Mr. PATON (Reads):

OTTAWA, 11th November, 1924.

Deputy Minister of Justice,,
Ottawa.

DEAR SIR:—I have had under consideration the questions regarding the jurisdiction of the Federal Appeal Board submitted with your letter of the 17th September, ultimo, and beg to advise you as follows.

In this case it appears that the difference of opinion between the two bodies relates to a matter of diagnosis and not to the question whether the disability, if any, was attributable to military service. The Board of Pension Commissioners found that the "error of refraction resulting in defective vision was a pre-enlistment congenital condition and was not aggravated during military service," whereas the Federal Appeal Board found that "the defective vision in this case is due to optic neuritis, and that the weight of evidence indicates that optic neuritis was incurred on service."

It seems clear, therefore, that the Federal Appeal Board disposed of the case upon a different diagnosis than that upon which the Board of Pension Commissioners proceeded, and that no question of attributability within the meaning of the statute was involved. I am of opinion, therefore, that the Federal Appeal Board did not have the jurisdiction to make the order in question.

Papers returned.

Yours truly,

W. STUART EDWARDS,
Assistant Deputy Minister of Justice.

Mr. CLARK: It says "Papers returned." What papers were they? Does it give a list of the papers?

Mr. PATON: I can tell you what the papers were. (1) The decision of the Board of Pension Commissioners, January 29th, 1924; (2) The judgment of the Federal Appeal Board; (3) A letter from the Board of Pension Commissioners to the Federal Appeal Board dated July 2nd, 1924; (4) A memorandum from the Board of Pension Commissioners to the Unit Medical Director of "A" Unit, Montreal, dated July 7th, 1924; (5) A memorandum from the Board of Pension Commissioners to the Federal Appeal Board dated July 30th, 1924.

Mr. CLARK: None of the early evidence of the various doctors was sent for?

Mr. PATON: No other than mentioned in the papers.

Mr. CLARK: The opinions or the evidence of the various doctors were not sent for?

Mr. PATON: No not those, no other than the papers included in what I have just mentioned.

[Col. C. W. Belton.]

Mr. THORSON: Under Section 51 of the Act, can the Department of Justice place a particular definition upon the word "record". What do they mean by the word "record".

Mr. PATON: The Department of Justice have not made any reference to that point.

Mr. CLARK: They do not elaborate on the acceptance of the diagnosis, and they do not refer to any particular section which confines the Board of Appeal to the acceptance of the diagnosis.

Mr. PATON: No.

Mr. ARTHURS: I would suggest, Mr. Chairman, that in addition to the submission to the Department of Justice, we should have those letters which were written to the Justice Department subsequent to the judgment of the Federal Appeal Board and the Board's submission.

Mr. ADSHEAD: Mr. Chairman, a very peculiar situation arises here. It seems to me—

The CHAIRMAN: I would suggest, if the Committee approves, that we have the members of the Pension Board return with the completion of this file and all documents in relation thereto, tomorrow.

Mr. CLARK: Obviously the judgment gives no reason for its conclusion. Do you not think it would be advisable to have Mr. Edwards here to analyse the provisions of the Act upon which he based his opinions?

The CHAIRMAN: Quite so; we want to get to the bottom of this case, and explore it thoroughly.

Mr. ARTHURS: To do so, we want the correspondence between the Board of Pension Commissioners and the Justice Department previous to the submission.

Mr. ADSHEAD: Is this not evidence? Clause 5 says that the decision of the Appeal Board shall be final? It amounts to this, that if an applicant loses his case, it is final, but if he wins, it can be appealed. Should that not be brought up?

The CHAIRMAN: The Secretary of the Pension Board, and Dr. Kee can return tomorrow with the documents, and I will instruct the Secretary of the Committee to have Mr. Edwards before us tomorrow at the same time and tell him what we want. We want to know why he gave the opinion he did give, in the Ouellette case. Dr. Belton will you continue your evidence.

Col. BELTON: I think it is pertinent to say here that there were a number of other conditions submitted to the Department of Justice, where it was thought by the Board of Commissioners that the Federal Appeal Board was exceeding its authority, and all these things are referred to in that file. The effect of this was in each of those classes of cases that we were informed the Department of Justice considered that the Federal Appeal Board were outside the jurisdiction. We ceased to hear the cases. There was no use hearing cases, if it effected no good to the appellant, and therefore while we only know of six or seven cases that are definitely in dispute, which we have made final and that have not been carried out for these reasons, there may be, and no doubt there are, a great many that we have not heard at all because of this finding. The matters were reported to the Minister, and with that our concern ended, I think. We have to carry out the law. Now, a number of things arose during the early part which were discussed, and I think there are some questions you would like to ask. I have nothing to urge upon you at all; I am here to give information as well as I can.

[Col. C. W. Belton.]

By Mr. MacLaren:

Q. When did you report to the Minister?

Col. BELTON: Upon various occasions. I can read you some of the letters if necessary.

Mr. MACLAREN: You reported on each case as it arose?

Col. BELTON: Yes, very shortly, after it occurred.

Mr. MACPHERSON: We should have on record a memorandum of all appeals to the Appeal Board which were considered to be beyond their jurisdiction, so that the Committee may consider whether it is advisable to make an amendment in order to bring them within the jurisdiction.

Col. BELTON: Each case is taken up separately, in the opinion of the Department of Justice.

The CHAIRMAN: Is that the last opinion given by the Department of Justice upon the jurisdiction of your Board?

Col. BELTON: That was on the specific case.

The CHAIRMAN: You stated there were about half a dozen cases submitted to the Department of Justice in 1924 or 1925?

Col. BELTON: Yes.

The CHAIRMAN: Have you had occasion since then to further test your powers and jurisdiction by referring any other matters to the Department of Justice?

Col. BELTON: I do not think so. There might have been smaller disputes, but it would be held in all cases that they were covered by this decision.

Mr. McLEAN (Melfort): By one of the decisions?

Col. BELTON: Yes. I can give you the names if you wish. They are here before me.

The CHAIRMAN: There are a number of leading cases which decide the jurisdiction of your Board?

Col. BELTON: Yes; they are right before me here.

Mr. ADSHEAD: You felt that your power was limited, by that decision?

Col. BELTON: We thought it was destructive. We could not carry out the provisions of the Act.

Mr. ROSS (Kingston): In other words there was no appeal.

Mr. ILSLEY: You still consult medical officers?

Col. BELTON: We have two medical officers on our own staff and we have a number of experts, consultants, with whom we consult from time to time.

Mr. THORSON: Purely on the question of applicability or attributability?

Col. BELTON: Purely to explain some question.

Mr. ILSLEY: If you felt that the Board of Pension Commissioners were wrong, would it be possible for you to communicate with them and send it back to them, saying that you had further evidence? It is important that you should start with a correct diagnosis. In the cases taken up, for instance suppose you have some new evidence, of a number of doctors, and you think the diagnosis was a wrong one, would it not be a good thing to say that you had new evidence, and state your reasons?—A. We did have communications of that kind, in an endeavour to reach some understanding. The position taken was that the record was before us just exactly as it was before the Board of Pension Commissioners, when they got it.

Mr. THORSON: It comes back to the point raised by Dr. Kee yesterday, and I expect to ask him a series of questions upon it. You were formerly a member of the Board of Pension Commissioners?

[Col. C. W. Belton.]

Col. BELTON: Yes.

Mr. THORSON: For how long a period?

Col. BELTON: I was on the Pensions Claims Board of the Militia Department, dealing with pensions from August, 1915.

Mr. THORSON: Until when?

Col. BELTON: Until the establishment of a Board of Pension Commissioners; then I was for some six or eight months an acting Commissioner of the Board of Pension Commissioners, and thereafter I was up until the fall of 1921, a medical adviser for the Commission.

Mr. THORSON: What was the practice of the Board of Pension Commissioners on the question of diagnoses? While you were associated with the Board of Pension Commissioners, if there were several diagnoses submitted to the Board, would the Board select the one that appeared to them to be the most reasonable one, or would they submit the whole question to some other person in order to obtain a diagnosis? What I want to get at is this; if there was a conflict of diagnoses, did the Board of Pension Commissioners, while you were with them, weigh and endeavour to determine which was the diagnosis to be accepted?

Col. BELTON: We could not do otherwise. What we were interested in was, the man's disability. If it was attributable to service, he would get a pension no matter whether there were a dozen different causes given for it; none of those causes excluded it. He would get a pension. It was always our idea to attach some medical classification to it. We always wanted a recital of a fact, like this: "This man is given a pension because he has difficulty in walking, due to a limitation at the knee joint, caused by a sinovitis of the knee joint, an after-effect of a gun-shot wound, while on service." We wanted all that stated in the document giving him his pension, to make it absolutely clear.

By Mr. Thorson:

Q. As I understand it, the practice of the Board of Pension Commissioners is this, that they have given to them a diagnosis; they do not make a diagnosis, they have it given to them, with a classification of the ailment, given to them from an outside source. When they have settled upon that diagnosis, then, and for the first time, they commence to enquire into the question of attributability. That is what I understood from Dr. Kee yesterday. When they have settled upon the question of diagnosis which they do not settle themselves, but which they have settled for them by some outside source, then they consider the question of attributability. Was that the practice in force when you were with the Board of Pension Commissioners?—A. The practice that was in force was to select from many, if there were many diagnoses, the one that we thought had caused the disability.

Q. That is, your Board selected the diagnosis from seven?—A. Quite so, if there were seven.

Q. I understood from Dr. Kee that that is not done, that they do not select the diagnosis?—A. He may be referring to that as a fact probably.

By Mr. Gershaw:

Q. Just one question there, doctor. In case of difference of opinion about the diagnosis, was it the custom then to have the soldier advisor say, and some member of the Board of Pension Commissioners, decide on some specially qualified specialist to review the case and give his opinion?—A. They were always in a position to consult the experts, yes. But that was seldom required; unless this point came up. There might be a condition which was attributed to syphilis or to some other thing of what we may call a more benign nature.

[Col. C. W. Belton.]

Now, if it were due to syphilis, the man was out; he received no pension. If there was difficulty about that question, they would thresh it out by getting advice from other sources, or in any way to determine exactly which it was.

Q. And they would weigh the advice?—A. They would weigh the advice. Now, in the end, it might not be absolute you know, there is nothing absolute about it.

Q. I understood from Dr. Kee that they do not weigh advice, that they do not weigh the value of the diagnoses that are committed to them; they do not weigh them at all.

Mr. ARTHURS: Why discuss these questions of doctors' opinions?

Mr. GERSHAW: I want to get at whether there was any departure in practice, before the Board of Pension Commissioners.

Col. BELTON: The Federal Appeal Board approach these cases exactly in the same way as the Board of Pension Commissioners approached them during the period that I was associated with them.

By Sir Eugene Fiset:

Q. As far as the Appeal Board is concerned, you had before you, first of all, diagnoses submitted to you by the Board of Pension Commissioners; secondly, you had on the file, all the medical evidence that it contains; you perused that evidence, and you gave a decision. You either amended the diagnosis or you made a diagnosis yourselves. Is not that a fact?—A. Quite so.

Q. That is what the Board of Appeal does?—A. Yes.

Q. Now, I asked the Board of Pension Commissioners if they did not do the same thing, and Dr. Kee said "no," very positively.

Mr. ADSHEAD: Very positively. The question was, do you weigh the medical evidence? And the answer was "no."

Mr. HEPBURN: Mr. Chairman, I suggest that Dr. Kee be allowed to clear that up. He may be misunderstood. If there is a difference of opinion between the medical men diagnosing the case, what position is the Board of Pension Commissioners to be in? Some one must have the final responsibility for making the decision.

Mr. THORSON: The point is this: If the Board of Pension Commissioners have the right to say which diagnosis they will select amongst conflicting diagnoses, then the Federal Appeal Board must have the same right.

Mr. BLACK (Yukon): So they have, under the Act.

The CHAIRMAN: That is why I ask if there is any technical significance in the word "record."

Col. BELTON: I have never thought so, Mr. Chairman, but you have thrown a doubt into my mind.

Mr. THORSON: The word "record" has a technical legal meaning in many other statutes, and it means only the formal judgment, and it is something quite separate from the evidence.

Mr. CLARK: No, the evidence is included in the "record."

Mr. THORSON: No, in some statutes it is not so; there is a distinction. Now, I think we can postpone discussion of that until we get some one from the Department of Justice here to determine that.

The CHAIRMAN: We want an opinion from the Department of Justice indicating what they mean by "evidence," and "record."

Col. Belton: You want to know from me what we take it to mean? The Federal Appeal Board.

[Col. C. W. Belton.]

By Mr. Thorson:

Q. Yes.—A. Well, the soldier's record is everything that is on his file.

Mr. BLACK: May I call attention to the fact that the word "record" is defined in this Act; the record upon which the Commission gives its decision on appeal; not necessarily all the documents on record in the Department of Militia, or any other Department concerning this soldier. It is upon the evidence and record upon which the Commission gives its decision. That is clear enough, surely.

Col. BELTON: Yes, that is the soldier's record; everything about the soldier that the Militia Department can supply.

By Mr. Black (Yukon):

Q. It does not follow that all the soldier's record was before the Pension Board when they gave that decision?—A. It was all available to them, but we could not tell whether they looked at it or not, of course.

By Mr. Hepburn:

Q. A question I would like to ask the witness is: At one time, did you not have examining staffs located in different parts of the country, and you could put the responsibility right on them?—A. Yes.

Mr. HEPBURN: The present Board has not that system now, and they are handicapped by reason of that fact. In 1921, I believe, those Boards were discontinued.

Mr. MACLAREN: Which boards are you speaking of?

Mr. HEPBURN: Prior to 1921 the Board of Pension Commissioners had local examining boards, and these boards could take the full responsibility of diagnosing cases.

The CHAIRMAN: At that time it was found that there was duplication of medical work. The Medical Board had advisers in different towns and so had the Pension Board. In the House it was decided that these Medical Boards should disappear, and be incorporated in the medical staff of the D.S.C.R.

Mr. HEPBURN: The abolition of those boards is working a hardship on the Board of Medical Commissioners. It has made their work that much harder. I do not think there is any question about that.

The CHAIRMAN: Any further questions?

Mr. CLARK: I would like to ask some questions on a different line.

By Mr. Clark:

Q. I would like to know whether Col. Belton can tell us the number of appeals by years that have been entered; the number heard, and decisions given?—A. Yes.

Col. TOPP: This return does not give it by years of course. It only gives the total.

Mr. ADSHEAD: Can we be informed how many cases the Board has had to refuse to hear because of this decision of the Department of Justice.

The CHAIRMAN: Let us get the total number of cases first.

Col. BELTON: I cannot tell you that. We have prepared for information, what we call a progress report. The one I have before me is for the week ending March 10th, 1928. The first item on it is the "Appeals awaiting further information." Those are appeals that have been sent in, and we have not received definite information about them. There is further correspondence to take place and so on.

[Col. C. W. Belton.]

By the Chairman:

Q. What do you mean by "definite information?" That the soldier's adviser is not ready to proceed?—A. That is one of the things, yes.

Q. What others are there?—A. They may be very indefinitely stated; they may not be in the regular form; they may turn out to be on matters over which we have no jurisdiction, or assessments, and other things. Of those we have at the present time, there were 1,758. Colonel Clark would like to have them by provinces, I suppose. I can give you that in a different form. Halifax 42, St. John 20, Charlottetown 8. Quebec—that is the district surrounding these places remember—

Col. TOPP: The D.S.C.R. districts.

Col. BELTON: Yes. Quebec 39, Montreal 165, Ottawa 127, Toronto 141, London 48, Winnipeg 192, Regina 31, Calgary 48, Vancouver 53, Victoria 144. Total 1,758. The next item is "Outside jurisdictions". The total there is 3,597. These have been examined by our staff, and we have come to the conclusion that they are outside our jurisdiction. Dealing with assessment questions, and other things of that kind. Would you like to have those?

Mr. CLARK: If you have got them, because you could give us an idea of how the soldiers' advisers are functioning in the various provinces.

Col. BELTON: Outside jurisdiction: Halifax 154, St. John 111, Charlottetown 10, Quebec 70, Montreal 943, Ottawa 489, Toronto 462, London 180, Winnipeg 568, Regina 110, Calgary 199, Vancouver 231, Victoria 70. Total 3,597.

By the Chairman:

Q. In these cases, have you given judgment that you had nothing to do with them because they are outside your jurisdiction?—A. Yes.

Q. Those are cases you have heard?—A. They are cases we have dealt with.

By Mr. Black:

Q. They are not all confined to that week?—A. Oh no, no. These are totals. The appeals awaiting further information is the status to-day. The outside jurisdiction cases are all the cases that have been found to be the outside jurisdiction.

By Mr. Clark:

Q. What I want to get at is this: Of these last mentioned cases, are those appeals all entered by the soldiers' advisers, or some by the men themselves?—A. Some by the men themselves.

Q. What proportion would that be?—A. A small proportion only come through the men.

Q. Are the soldiers' advisers all lawyers?—A. No, but the soldiers' advisers were instructed by us, as far as we could instruct them, because they are not our servants in any way.

Q. They ought to be able to say pretty definitely by this time, whether a case is appealable or not, should they not?—A. They were told.

Mr. THORSON: They are not to decide that. That is for the Board.

Mr. CLARK: On the point of law, whether it is attributability or assessment, they ought to be able to determine whether the appeal is on one or the other.

The CHAIRMAN: It is not a matter of the opinion of the Chairman whether they know any law or not. I would ask Mr. Barrow if they do.

Col. BELTON: I want to say this, if I may; that while we expect them to exercise some care in regard to it, and to advise the man whether he has a

[Col. C. W. Belton.]

case that is patently out of court, that if a man is insistent we tell them, "send it on always. If the man will not be satisfied, send it to us and we will satisfy him."

Mr. CLARK: The vital thing is this, that if there is no jurisdiction, it is naturally wasting time that might be spent on cases in which there is jurisdiction. It is a waste of time to receive appeals on which there is no jurisdiction.

By Mr. Clark:

Q. In these 3,000 cases, how are they dealt with by the Board? Whose time does it take up reviewing them?—A. We have several members of our staff outside the Commissioners who are quite competent to do those things, but I may say that, during the last month, I have dealt with five or six hundred of them myself, aside from the other things I was doing; for a special reason, that I wanted to find out myself just what matter they contained, and I was able to do a great number of them very rapidly. I had the file of the S.C.R. before me, and my own file, the man's appeal, and at a glance I could see by the S.C.R. file the man was on pension for all his claims, therefore, it was not a case for us and all I had to do was to simply say so on the other file. There were some cases in which I had to study the files a little carefully, but it was not a heavy task in the matters with which I was dealing.

By the Chairman:

Q. It is not difficult to find out whether a man wants an increased assessment, or to find out whether his disability is attributable to service?—A. If it is simply increased assessment, we have nothing to do with them.

By Sir Eugene Fiset:

Q. Those 3,000 cases in which you have decided that you are not in a position to deal with, did you refer them back to the Board of Pension Commissioners?—A. No.

Q. Your file, when completed, never went back to the Board of Pension Commissioners?—A. No.

Q. The application of the man or his adviser had been directly sent to the Board of Appeal and was not sent back to the Board of Pension Commissioners?—A. Oh, in many cases, for instance, the class of cases we speak of, a man writes in to the Minister, he says he has an appeal before us, or to the various Ministers of the Government. It comes to us, and we find it is a matter really for the Board of Pension Commissioners, and we send it over to them. Invariably, if we have documents that are dealing with matters that interest the Pensions Board, we send them on to them; but in these cases where the man simply appeals: "I appeal that I am not getting enough pension out of so and so"; we simply say it is out of court, and he is so advised.

Q. But in fairness to the man, to the applicant himself, do you not think that it would have been advisable if all those cases had been sent to the Board of Pension Commissioners to deal with the correspondence you have been receiving?—A. No, it did not seem of sufficient importance, and it was not done, sir.

By Mr. Clark:

Q. The soldiers' adviser would have that power in any case?—A. Yes.

Q. Will you give us the remainder of the figures? The appeals you have actually heard, by provinces?—A. The next item is the appeals reopened by the Board of Pension Commissioners since the appeal was entered, and allowed by the Board of Pension Commissioners.

[Col. C. W. Belton.]

By the Chairman:

Q. How do you mean?—A. After these appeals were put in, certain of the cases would be placed before the Board of Pension Commissioners, or for some reason, reopened by them. If then, they would deal with them by granting or allowing a pension, they were quite clearly not matters for appeal any longer. We have a total of 895 in that class.

Sir EUGENE FISET: That is exactly what I mean.

Mr. THORSON: For example, where there might be new evidence.

By Mr. Clark:

Q. Have you those by provinces?—A. Yes, we have those in the same way. Halifax 53, St. John 23, Charlottetown 5, Quebec 15, Montreal 131, Ottawa, 132, Toronto 216, London 76, Winnipeg 96, Regina 32, Calgary 62, Vancouver 37, Victoria 16.—Total 895.

Q. That is where the Board of Pension Commissioners have taken the appeal out of your hands, and reviewed their own decisions, and reversed their own decisions in that number of cases, in what period of time?—A. Since the beginning of the operation of our Board.

Q. And you of course do not know what other cases they might have reversed their own decisions in? These are only cases in which an appeal had actually been entered?—A. You see, this matter is essentially for our records. We must dispose of these cases some way.

Q. I know, but these are all the cases you have knowledge of, they being cases in which the appeals were actually entered?—A. Yes, all the cases that we have a record of. Did we commence that record at once, Colonel Topp?

Col. TOPP: Yes, sir. These are all the cases, General Clark, in which an appeal has been entered with the Board, and in which subsequently, possibly new evidence has been submitted by the official soldiers' adviser, or some such action of that sort has been taken in the interval between the entry of the appeal and the date of hearing; and as a result of that additional evidence, the Board of Pension Commissioners has reversed its former decision.

Mr. ADSHEAD: Would the Board of Pension Commissioners get the new evidence as well as you?

Col. BELTON: We get no new evidence. We take their evidence.

By the Chairman:

Q. Have you any further figures, Colonel Belton?—A. Yes. "Set for hearing." Toronto 64, Winnipeg 14, Regina 62, total 140.

"Already heard, judgment outstanding." Halifax 2, St. John 1, Quebec 3, Montreal 29, Ottawa 38, Toronto 57, London 31, Winnipeg 26, Regina 0, Calgary 81, Vancouver 2, Victoria 0, total 270.

"Heard and adjourned." Halifax 2, St. John 2, Charlottetown 1, Quebec 2, Montreal 7, Ottawa 7, Toronto 15, London 8, Winnipeg 6, Regina 1, Calgary 6, Vancouver 0, Victoria 1.

By Mr. Thorson:

Q. Is that adjourned for further presentation?—A. For any reason. Sometimes they are adjourned for fresh evidence from the Board of Pension Commissioners. Quite commonly that happens. If for any reason there is to be another hearing, that second hearing frequently takes place in Ottawa, when we have heard all the evidence or all the presentation of the case. I might say, also, gentlemen, that in enumerating these places, these are only the centres; that does not mean that that is the list of the places we have visited. We have visited a great many more places than these.

[Col. C. W. Belton.]

Appeals heard and completed, Halifax 287, Saint John 167, Charlottetown, 51, Quebec 75, Montreal 350, Ottawa 669, Toronto 963, London 298, Winnipeg 323, Regina 262, Calgary 334, Vancouver 340, Victoria 154, a total of 4,273.

Mr. CLARK: That is the total since you have been in operation?

Col. BELTON: Yes.

Mr. CLARK: I have been informed that when you have been sitting at these various places, for instance Vancouver (I do not know how accurate my information is) there might be as many as 20 or 25 cases on the list but you would only have time to hear 4 or 5 of them?

Col. BELTON: We always exhaust our list before closing and going to another place.

Mr. CLARK: I will give you some personal experience. I have had cases in which I have been interested, and I have been informed that there would be no time for the Board to hear that particular case, when visiting Vancouver for instance. As a matter of fact, the case was actually heard, the case I have in mind, but I was informed of that, and I was wondering whether you did actually exhaust your panel because I was definitely informed in this particular instance that only five of quite a large number of cases, would be heard on the visit of the Appeal Board?

Col. BELTON: I think on only one occasion have we failed to call all the cases that were on our panel. In all this time, and that was due to the sickness of one member of the quorum.

Mr. CLARK: That might be called, and still not be heard.

Col. BELTON: Yes. They might be adjourned.

Mr. CLARK: They might be adjourned because you had not time to hear them?

Col. BELTON: Never. You see, the statute requires that we shall give seven days' notice to the Board of Pension Commissioners if it is an appeal against that body, or the Soldiers' Civil Re-establishment may be the appellants. It is in order that they may put in an appearance.

Mr. CLARK: You would state very definitely then that appellants are not suffering in any part of Canada by reason of the fact that you have not time to hear them?

Col. BELTON: I think not.

Mr. CLARK: You say that definitely?

Col. BELTON: I think not.

Mr. McLEAN (Melfort): Does that mean that there might be twenty cases that you would prepare for your panel at the sitting, and that of that number you might handle only five, six or eight?

Col. BELTON: We might not exhaust the list of all the cases, but between ourselves and the official soldiers' advisors, we select those cases which they have prepared, those cases which are of most urgency, the more serious cases. If a man has a trivial injury, which would bring him in a very small pension in any case, we do not consider that we should go out to Victoria to hear him, when we can hear some cases nearer at hand which are of urgency, 100 per cent cases, or that sort of thing.

Mr. GERSHAW: Do you find that the Board is able to visit a sufficient number of places to be of service, or do you have applications from a number of places that you are unable to visit?

Col. BELTON: No. They are always arranged for by the official soldiers' adviser. We have a case now, where a man is residing at Prince George. A quorum will be going out to the Coast in late May or early June of this year. The question is, shall we bring the official soldiers' adviser all the way from

[Col. C. W. Belton.]

Vancouver up there, or shall we break our journey? We will have to break our journey at Jasper, the junction point, to go up to Prince George, and make an all-day journey of it. We would have to bring the official soldiers' adviser all the way up there from Vancouver. It would be much more reasonable to bring that man to Jasper, even at that large expense.

Mr. GERSHAW: Do you pay his expenses?

Col. BELTON: We do not, unless he wins his case. In this case, the money it will take to bring the official soldiers' adviser up there, might be better employed bringing the man to Vancouver.

Mr. CLARK: You pay his expenses?

Col. BELTON: That is what we propose to do. We want to inquire whether the Act will cover that. Possibly the local people may arrange that. Surely they can arrange which it will be, without doing any harm.

Mr. CLARK: Should you not get the advice of the Justice Department?

Col. BELTON: No, we will manage this. Leave it to us.

Mr. CLARK: Before we get away from it, what has been the practice in the past, in a case like that, where it would take a full day for the quorum, at considerable expense? What do you do?

Col. BELTON: We have had men come in hundreds of miles, in order to be present.

Mr. CLARK: They paid their own expenses?

Col. BELTON: They paid their own expenses.

Mr. CLARK: In order to save you time and expense?

Col. BELTON: Quite so.

Mr. CLARK: And unless he wins his case, he does not get it refunded?

Col. BELTON: Quite so.

Mr. ADSHEAD: This is quite clear, that you make your panel out of the existing cases?

Col. BELTON: The Secretary informs me that the Act requires that we do so. I think we are required to use reasonable economy. It might seem a hardship that these men have to come in.

Mr. McLEAN (Melfort): I think it is.

Col. BELTON: The most important thing is, to have the evidence assembled, and if they have had a chance to talk with the official soldiers' adviser, and go over the case and give all the information possible, they are perfectly safe. The absence of the man will not make a great deal of difference. It is only a satisfaction to him.

Mr. THORSON: To the Federal Appeal Board, you mean?

Col. BELTON: Yes.

The CHAIRMAN: In any event, he will do better than the man who appeals to the Pension Board in Vancouver or Halifax. A large majority of the pensioners who ask that a pension be awarded from the Pensions Board never see them at all.

Mr. BLACK (Yukon): Do you say the Appeal Board has the right to hear the appellant give evidence that he did not give to the Pensions Board?

Col. BELTON: Yes. We cannot prevent him making a number of statements, but we cannot take any account of them.

By the Chairman:

Q. Not in the matter of new evidence?—A. Not new evidence.

[Col. C. W. Belton.]

By Mr. Black (Yukon):

Q. He is entitled to appear upon his own case, but not to give evidence?—

A. He has already stated the original cause of his trouble.

Q. Which you already have on record?—A. We already have that on record.

By the Chairman:

Q. Have you any further figures you can give us, Colonel Belton?—A. There is a reference here to the meritorious cases.

Q. Can you tell us, of these cases which were completed, how many were decided in favour of the applicants, and how many were decided otherwise?—A. I cannot. We try to avoid that.

By Mr. Thorson:

Q. Can you supply figures showing the percentage of appeals that have been allowed since the formation of the Board, by provinces?

By the Chairman:

Q. I think we should have that.—A. Despite the fact that I have been discouraging this sort of thing, I find it is here before me. This is up to the end of last month. Total allowed 987, total disallowed 3,012, settled by a Board of Pension Commissioners or the Soldiers' Civil Re-establishment before judgment, 79, total judgments outstanding, 381, a total of 4,459.

By Mr. Clark:

Q. How many of that total were cases in which you had no jurisdiction?—A. None. These are all cases that have been heard, or we had them on our list to hear, or found at the last moment that they had been allowed.

Q. You must have heard some in which you had no jurisdiction, but came to a conclusion after you had heard them, surely?—A. Possibly there might be one or two. They are gone over very carefully. A précis of the case is prepared before it leaves the office, and all the points are thrashed out long before we go out on the road to hear it.

Q. You determine before you go out on the road whether you will hear them or not?—A. We send out notices to appear.

Q. But you know whether you will hear them, because of the fact that you have jurisdiction?—A. They have been decided upon long before.

By the Chairman:

Q. What about the meritorious cases?—A. I have the meritorious cases here in the same manner; Halifax 14, Saint John 3, Charlottetown 5, Quebec 5, Montreal 17, Ottawa 47, Toronto 57, London 24, Winnipeg 23, Regina 15, Calgary 36, Vancouver 16, Victoria 12, a total of 274.

By Mr. Thorson:

Q. That is the total number of meritorious cases that has come before you?—A. That have come before our Board.

By the Chairman:

Q. How were they disposed of?—A. The number allowed and disallowed? We have no record of that.

Q. Can we obtain a record of them?—A. I think you can best obtain that from the Board of Pension Commissioners, because the secretary of that Board sends out the notices as to what has happened in each of these cases. If one Board finds in favour, and the other against, it goes out without any information to the appellant, simply that the thing was disallowed.

By Mr. McLean (Melfort):

Q. I notice in the first figures you gave us, a large number, about one-half of the cases, were in Winnipeg, a disproportionate number. Can you give us the significance of that large number of cases in the first list of numbers you gave us?—A. You have the official soldiers' adviser here and you can examine him. He can tell you better than I can.

MR. BOWLER: I can explain it quite easily. I should state this, that there is no uniformity of practice between the official soldiers' advisers. Only some of us met when we were first appointed in 1924, and at that time the Minister told us that we were expected to deal with all classes of complaints, including appeal cases. He told us that that was our function. When the time limit approached, within which appeals had to be filed, I had no knowledge as to whether it was going to be extended or not. I therefore decided to play safe for every man who came to me and entered into an arrangement with the Appeal Board whereby they would consider the mere filing of the name and number as notice of appeal. I thereupon went through all the files in my office and took the names and numbers. I did not have time to get the details in each case. I submitted the entire list to the Federal Appeal Board. I think the list originally contained something like 1,500. A great many of those have since been adjusted, and it has narrowed itself now down to 800, and many of those have been adjusted, but not entirely, on the ground of attributability.

By the Chairman:

Q. Can you give us some idea of the difficulties that present themselves in regard to the preparation of these cases?—A. In regard to appeal cases?

Q. Yes. In order to obtain the information which you thought you required in order to present the case satisfactorily to the members of the Appeal Board?—A. Yes. As a rule, where you find a claim has been disallowed by the Board of Pension Commissioners, you will find the reason; there is a break in the evidence somewhere, something lacking in the medical evidence, or in the continuity. The difficulty is in the absence of a record locating individuals who can supply information, and getting them to put their evidence into proper form. That often takes months, and sometimes years, and accounts to a very large degree for the length of time which elapses between the time of the list being prepared and the cases being heard.

Q. Is it not a fact that soldiers themselves are somewhat negligent in supplying evidence which you think you should have?—A. It is hard to impress upon them that they need it. They try to make you go ahead before you are ready.

By Mr. Sanderson:

Q. Is there a soldiers' adviser for every military district?—A. We have one in Manitoba and one in New Ontario.

By Mr. McLean (Melfort):

Q. Is there any lack of facilities in dealing with these cases at Winnipeg, or are you satisfied that reasonable progress has been made?—A. I am satisfied that reasonable progress can be made now. Up to a month ago, I was not satisfied. I was rather discouraged, because the number of appealable cases coming in grew to such an extent that it became impossible to give them the attention they required and at the same time get them up for hearing within a reasonable space of time.

Q. Was that due to lack of facilities in your office or in the Appeal Board?—A. The lack of facilities in my office. That has been remedied since by the Department.

Q. How many are on your staff?—A. Myself, a stenographer, and an assistant. When I say I devote my whole time to it, I am still at liberty to practise. I made that arrangement with the Department when I first took it over, but as a matter of fact I have no opportunity to practise at all.

By Mr. Thorson:

Q. May I ask, have you a statement by provinces, of the appeals allowed and disallowed?

Col. BELTON: No, sir.

Q. Can you get that information for us?

Col. TOPP: That can be provided.

By Mr. Thorson:

Q. By Soldiers' Civil Re-establishment districts appeals allowed and disallowed, in your respective districts

Col. BELTON: We would not like to have that published. You can see the reason for that.

By the Chairman:

Q. Why?—A. Local jealousies. "Are we getting as well treated as the other fellow?" We do not want to create any want of confidence.

Mr. THORSON: We want to get at the facts.

By the Chairman:

Q. Have you the figures for meritorious cases?

Col. BELTON: There are 278 cases that have been appealed—meritorious cases. Two hundred and seventy-four have been heard; we have allowed 16, and there remain to be heard 4. This refers to our office solely.

Col. TOPP: These figures represent awards concurred in by both Boards and by the Governor-in-Council.

By Mr. Clark:

Q. Can you give those by cities, Colonel Belton?—A. Yes, Halifax, 2; Charlottetown, 1; Ottawa, 3; Toronto, 4; London, 1; Winnipeg, 1; Regina, 1; Calgary, 2; Vancouver, 1.

By the Chairman:

Q. What about the other cases you mentioned, the 278 as having come before you, and 16 in which the appeal was allowed? What happened to the other cases?—A. They were all disallowed.

Q. Disallowed by reason of what, because there was no concurrence between the two boards?—A. There may have been concurrence in some cases.

Q. In how many cases was there concurrence where the two Boards agreed that there was no claim under the meritorious clause, and then where the two Boards did not agree?

Mr. CLARK: It would be interesting to know how many cases the Federal Appeal Board wanted to allow, and how many the Pensions Board wanted to allow but were disallowed by the Federal Appeal Board.

Sir EUGENE FISET: That would be much preferable.

Col. BELTON: The secretary will procure that and give it to you at any time.

The CHAIRMAN: I do not like to keep Col. Belton here any longer, but I imagine we will have a sufficient number of questions to ask him to justify bringing him back to-morrow.

[Col. C. W. Belton.]

Mr. THORSON: There are these suggestions about the meritorious clauses, and then what he thinks about the various suggestions made in reference to the enlargement of the jurisdiction of the Appeal Board. All these are important questions.

Mr. MACLAREN: I should like to ask him, has he any suggestions generally, or any criticism or recommendations to make regarding the procedure under the Pensions Act.

Col. BELTON: I am going to tread very softly there.

Mr. MACLAREN: I am afraid you will get the questions just the same.

Col. BELTON: All right, I will have to answer them.

Mr. THORSON: In regard to the question of jurisdiction and the question of meritorious clauses, those are both questions we would like to have Col. Belton consider very carefully.

Mr. McLEAN (Melfort): A case was discussed yesterday, of indigestion. I would like to have Col. Belton make a note of it.

Mr. MACPHERSON: The last remark, about treading softly, is not going to weigh with us. What we want to hear is, all the facts.

Mr. ADSHEAD: The Board of Pension Commissioners refused to make a statement.

Col. BELTON: I will state the facts, but you are the best judges as to what should be done.

The CHAIRMAN: It is now 1 o'clock. We will adjourn until to-morrow morning at 11 o'clock.

The Committee adjourned at 1 p.m. until Thursday, March 15, 1928.

THURSDAY, March 15, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

Col. C. W. BELTON recalled.

The CHAIRMAN: Yesterday Colonel Belton read a progress report in regard to matters which were appealed to the Federal Appeal Board. I think it was the desire of the Committee that this be placed on the records to-day in tabulated form.

Progress report inserted as an addenda.

The CHAIRMAN: Colonel Belton has already been sworn, and is here to answer any questions you may care to ask.

By Sir Eugene Fiset:

Q. Col. Belton, I would be very glad if you would elucidate a little farther one of the points which you made yesterday and which is rather ambiguous, in my opinion. I will deal with that special case of Quелlette, about which you told us yesterday, in which they were using the same medical staff that the Board of Pension Commissioners had, for the purpose of conducting further medical examinations. I would like to know if, outside of the staff employed by the Board of Pension Commissioners, you are not seeking yourselves to obtain sometimes—as a matter of fact, in most appeals—the opinions of specialists on your own hook?—A. Oh yes, absolutely, when we get the opinion of a specialist.

Q. Then what do you do with that opinion once it is obtained? Do you keep it on your private file or send it to the Board of Pension Commissioners for their information?—A. We keep that on our own private file. It is for our information only. It is an addition to the evidence or the record of the case, and is simply of assistance to us in understanding the points which are made, for instance, in regard to this particular case, the disease of the eye. We have nobody on our staff who is competent to understand this, and when the question comes up we ask our specialist, if it is necessary. In the majority of cases it is not necessary. We have been supplied with the medical advisers for that purpose.

By Mr. McGibbon:

Q. For what do you use that evidence? To over-ride the decision of the Appeal Board?—A. It is not evidence. It is simply the explanation which any layman would want. We have laymen on our board, and if I were sitting with two laymen on the board I think it is unreasonable that I should impose my medical ideas upon them, and they may go to our own medical advisers and ask for explanations regarding medical points.

Q. Then the information you gave us yesterday that there was no special medical staff attached to the Board of Appeal is not absolutely correct?—A. If I gave that impression, I did not intend to.

[Col. C. W. Belton.]

By Sir Eugene Fiset:

Q. I certainly understood that.—A. I spoke of our own medical officers in reference to the Ouellette case.

Q. When you did speak of your own medical officers, I took the trouble to ask you if those were the ones employed by the Board of Pension Commissioners, and you said yes.—A. I misunderstood your question.

Q. That is exactly what I want to correct,—the impression I had myself and which may have been secured by other members of this Committee. Is it not a fact, in the Ouellette case, that outside of the file which was submitted to you, as well as the medical evidence submitted to you by the Board of Pension Commissioners, you, as Chairman of the Board of Appeal, obtained from Doctor Minnes a special report of the condition of the eye of this man?—A. No sir. We got from him advice as to the interpretation of the evidence on the record.

Q. Then you did obtain his report?—A. Yes; it would be impossible for a single commissioner to act unless he had some advice about those points.

Q. The point I am getting at is this: you had the advice of Doctor Minnes as to the interpretation of the different reports placed before the Board of Appeal as to the medical condition of that man?—A. Yes.

Q. Those you kept in your own file?—A. Yes sir.

Q. It was never sent to the Board of Pension Commissioners?—A. No sir.

Q. If it had been sent to the Board of Pension Commissioners do you think they would have taken the trouble to have asked for a further report from Doctor Minnes on the matter, which report was completely different from the report he gave you? In fairness to the Board of Pension Commissioners would it not have been advisable to communicate to the Board of Pension Commissioners the further medical evidence you had on your file?—A. It did not so occur to any of our Board.

Q. You can see for yourself that it establishes a rather queer relationship between the Board of Appeal and the Board of Pension Commissioners if you collect further evidence than that contained in the files, and keep that for your own private file and for your private information, even when you disallow or allow one of these appeals and do not give the Board of Pension Commissioners the further evidence which you have secured. Do you think that is quite fair?—A. I must repeat, Sir Eugene, that it was not further evidence.

By Mr. Adshead:

Q. Simply interpretation?—A. That is all.

By Mr. McGibbon:

Q. Was that interpretation different from the interpretation the Board of Pension Commissioners put upon it?—A. It was assisting us—

Q. I did not ask you that. I asked you if the interpretation was different from the interpretation put upon it by the Board of Pension Commissioners?—A. It brought in a different question of diagnosis.

Q. Then it was different?—A. Yes.

Sir Eugene Fiset:

Q. I understand from the Department's Adviser that the first report of Doctor Minnes submitted to your Board of Appeal was that the man was suffering from optic neuritis, and that when a specialist's report was called for by the Board from Doctor Minnes, he absolutely changed the diagnosis from the same examination of the same documents and of the same file, and the Board of Pension Commissioners were not aware of the fact that you had already asked for a report from Doctor Minnes on the subject.—A. That may be so, sir. That is our opinion, which agreed after we got through.

Q. It does not look like a perfect working between the two boards, and if it applies in every case it seems to me there is a lack of co-ordination somewhere.

By Mr. MacLaren:

Q. This is rather confusing to me. We have had evidence that there was said to be an agreement between the soldiers' adviser and the Board of Pension Commissioners to refer the case for a decision to Doctor Minnes. Now we have evidence that the Appeal Board also obtained information from Doctor Minnes. What I wish to understand is, were there two references to the same oculist, independently and at different times?

Sir EUGENE Fiset: That is exactly what happened.

By Mr. MacLaren:

Q. Is that the case, Col Belton?—A. I am not able to answer that. When we dealt with the case there had been no reference to Doctor Minnes, and he was asked to assist us in the interpretation of the evidence which was before us—not to add to his evidence.

Q. That is not the same reference to which you referred before. I want to be sure whether there were one or two references to Doctor Minnes.—A. I believe there was; I have heard that recently.

Q. That is the first time you ever understood that?—A. That will be brought up when the Board of Pension Commissioners are examined. They will explain this point.

By the Chairman:

Q. I think the point Sir Eugene Fiset is attempting to make is whether the Federal Appeal Board actually takes medical advice until after the evidence is before them as it was before the Board of Pension Commissioners—in general practice.—A. Absolutely. I do not see how a layman could carry on on the Board without medical advice and medical interpretation.

By Mr. Adshead:

Q. Not fresh evidence?—A. Not fresh evidence.

By the Chairman:

Q. How do you come within the four corners of the Act if you consult any further medical advisers after all the medical evidence has been given to the Board of Pension Commissioners? You are supposed to give a decision on the evidence and the record.—A. We are not supposed to do it without understanding what is before us.

Q. Do you ask medical advisers other than those whose opinions are already on the file to assist you in an interpretation of the opinions on file?—A. We have sent some questions to some of the best experts in America.

The CHAIRMAN: It looks to me like new evidence.

Mr. MCGIBBON: I quite agree with you; it is new evidence. If it is nothing more than a new interpretation, it is new evidence.

By Mr. McGibbon:

Q. It strikes me that we are on the wrong track. We have to have finality some place. What would you think of a suggestion of this kind: that the diagnosis be absolutely and positively made before an appeal is allowed? Supposing somebody applied for a pension, and he was not satisfied with his diagnosis. How would it do to put in the Act that he was allowed to appeal, specify where, let him choose one specialist, the D.S.C.R. another—

The CHAIRMAN: Call it an "arbitration" instead of an "appeal."

[Col. C. W. Belton.]

By Mr. McGibbon:

Q. —and let that be settled before it goes to your people at all. It goes without saying that we can not be having decisions in regard to diagnoses reversed, because that reverses the whole case. It strikes me there ought to be a finality in diagnosis before any appeal on the pension is allowed. I think it is absurd to have an appeal board calling in medical men to interpret medical evidence which has been given before the Board. If you get a different interpretation, you get different evidence, which is not allowable under the Act as I understand it.

Sir EUGENE Fiset: And worse still, that evidence is not available to both boards. The evidence collected by the Board of Appeal is never submitted to the Board of Pension Commissioners and no reference is made to them that such medical evidence or medical diagnosis or medical decision, or medical interpretation has been obtained by the Board of Appeal. In the case of Ouellette what happened was this: you had already the opinion of Doctor Minnes; you compelled the Board of Pension Commissioners to go to the same man to obtain an opinion. If they had known you had an opinion, they would not have taken the trouble to do that.

By Mr. McGibbon:

Q. What do you think of the procedure such as I outlined?—A. The main concern of our Board is to deal with the disability which the appellant may have.

Q. But you must have some basis for that.—A. If we are satisfied from the evidence that this disability was incurred on service or attributable—

Q. That is another question— —A. Something that occurred on service—

Q. That is not the question I asked you at all.—A. Then I do not care if we never make a diagnosis. There are many cases in which they never could make a diagnosis, but the cause is there—

Q. That is not what I asked you at all—

Mr. ILSLEY: I would like to hear the answer of the witness. It seems to me he is answering the question he was asked, and expressing an opinion upon your suggestion, Doctor McGibbon.

Mr. McGIBBON: I do not think so.

By Mr. McGibbon:

Q. Let me try to put this a little more clearly. You must admit, as far as diagnosis is concerned, that there must be a finality somewhere?—A. No.

Q. What do you base your pension on?—A. The fact that the man has a disability.

Q. Is that not prefaced on a diagnosis?—A. I think it is extremely desirable that there should be a diagnosis behind it, yes indeed.

Q. Very well. Now, what is wrong with having that positively settled by the Board of Arbitration before there is an appeal; then let him appeal on the attributability or assessment, if you like?—A. That Board of Arbitration would do the work of the Appeal Board. It would be a Board of medical men, and a decision finally made by medical men which, on matters of this kind, do not appeal to the people of this country.

Q. Then you are reversing your decision of a few moments ago when you said you did not have additional medical evidence. You cannot have it both going and coming.—A. I claim it is not additional medical evidence.

Mr. McGIBBON: Nine out of ten people would say it was.

Mr. MACLAREN: I think it is open to grave doubt that it is additional evidence; I think they are entitled to the interpretation of the adviser.

[Col. C. W. Belton.]

The CHAIRMAN: The suggestion of Doctor McGibbon is that all medical questions should be settled before the case comes before the Federal Appeal Board.

Mr. MCGIBBON: That is correct.

Sir EUGENE FISET: An official diagnosis.

By the Chairman:

Q. Who would settle the question of attributability unless you could consult medical evidence? I am asking that for information. If you were bound by the medical evidence on the record as it comes to you from the Board of Pension Commissioners, how would you settle the question of attributability? I am asking that as a layman.—A. Asking me?

Q. Yes.—A. I could use my own medical knowledge and do the best I knew how, but I could not ask my lay associate to pass on that without some explanation.

By Mr. McGibbon:

Q. Would it not be a good thing for them to have the evidence settled beforehand?

By Mr. Gershaw:

Q. Is it not a fact, Col. Belton, that these cases drag on, sometimes for two or three years, and is it not a fact that although a diagnosis might be made at one time and be quite correct according to the information then available, two or three years later other symptoms might develop which would justify any board in modifying that diagnosis?—A. Yes sir.

Q. So it is really hard to get finality in any one of the complicated cases? —A. Yes sir.

By Mr. Thorson:

Q. Your position, in brief, is that the condition should be determined by the Board of Pension Commissioners and the Federal Appeal Board, as to the disability from which the man is suffering, and then determine whether that disability, no matter how you classify it, is or is not attributable to war service?—A. I take it that is the question, and nothing else.

Mr. MACLAREN: It is a mere name.

Mr. THORSON: It is not a mere name. The mere name of the disability is of no consequence to a soldier.

The CHAIRMAN: The point I am trying to bring out is how he can bring within the four corners of the Act any new evidence.

Mr. ADSHEAD: He said there was not new evidence.

The CHAIRMAN: The point made by Col. Belton is that it is an interpretation of the evidence already in the record received by consulting with other medical officers, and it is not new evidence.

Mr. ADSHEAD: Just to make it plain in non-medical terms.

Mr. GERSHAW: If you are going to be fair to the soldier you would, in many cases, require additional evidence after a certain amount of time.

The CHAIRMAN: You can always bring in additional evidence. Are there any further questions on this point?

[Col. C. W. Belton.]

By Mr. Ross (Kingston):

Q. When? At any time?

Mr. ADSHEAD: Is new evidence debarred from coming before the Federal Appeal Board—evidence which has not gone before the Board of Pension Commissioners?

The WITNESS: Yes.

The CHAIRMAN: Yes, under the law.

The WITNESS: To simplify the matter of the relationship between these two boards I may say that in many, many cases, despite the fact that we are to receive no new evidence, new evidence is offered. We learn that new evidence is available, and frequently that evidence is of great import. This may be at a hearing. Then our invariable custom is to adjourn our proceedings there and then, and arrange that this evidence be placed before the Board of Pension Commissioners, and if again the case is disallowed, it may again be brought before our Board.

By Mr. Adshead:

Q. With the new evidence?—A. Yes.

By Sir Eugene Fiset:

Q. Is this only in the case of new evidence?—A. Yes sir.

Q. I am trying to ascertain the relationship between the two Boards. Is it not a fact that you have full access to the files of the Board of Pension Commissioners?—A. Yes sir.

Q. But they have not full access to your files?—A. Our files on the case alone which deals with the reception of appeals, and that sort of thing, are in our office—

Q. Have they at times made application to you to have the evidence on the files, or the facts contained in your files, placed before them, and have you given it to them without a moment's hesitation?

Col. TOPP: That has not been done, no. There is this to be said, however, that the Board of Pension Commissioners has medical advisers of its own, and those medical advisers make a summary of the case and may, or may not, express opinions for the information of the Commissioners. Those documents are taken off the files of the Board of Pension Commissioners. They are not now available to the Appeal Board. The point is that opinions of the medical advisers are not necessarily regarded as evidence, even by the Board of Pension Commissioners.

Mr. McPHERSON: Why not use the opinions of the medical advisers of the Commission? If they are going outside and getting experts to give opinions, what are the medical advisers there for, if they do not use their opinions?

By Mr. Thorson:

Q. You mean these medical opinions are taken off the file before they come to you?

Col. TOPP: The précis of the evidence made by the advisers to the Board of Pension Commissioners is taken off the file before it comes to the Appeal Board.

Mr. THORSON: So you have no access to them?

Col. TOPP: We have had no access to them for perhaps the last two years.

[Col. C. W. Belton.]

Mr. THORSON: Why was that done?

Col. TOPP: I do not know.

The CHAIRMAN: Is it the desire of this Committee that this point shall be cleared up right away?

Sir EUGENE Fiset: I should think so.

The CHAIRMAN: Then we will recall Doctor Kee.

Dr. R. J. KEE recalled:

By Sir Eugene Fiset:

Q. You left us under the impression, Doctor Kee, that when an appeal on a case was submitted to the Appeal Board the entire contents of that file was submitted to the Board of Appeal for their perusal in order that they might give their decision?—A. Yes.

Q. We are told that for the last two years all you have submitted to the Board of Appeal was the précis of the medical evidence.—A. That is not correct.

By Mr. Thorson:

Q. That the précis was taken off the file and all the rest handed to the Board.—A. There is nothing taken off the file. That is merely an outline of what is on the file, and of the documents on the file.

By Sir Eugene Fiset:

Q. It is only your own précis which you do not send to the Board, Doctor Kee?—A. It is simply a short resumé; it does not contain all that is on the file.

By Mr. Ross (Kingston):

Q. Is it correct that nothing is taken off the file which was on the file?—A. That is the fact. The précis is something I take for the meetings and read to the Board—a synopsis of the file.

By Mr. Sanderson:

Q. What you take off is a memorandum of what is on the file?—A. Yes, much less than what is on the file. It shortens it.

By Mr. Thorson:

Q. Why was that taken off?—A. We left them for a time, and the soldiers' adviser would get up and say our medical advisers in submitting it to the Commissioners did not put everything in, and in order to have the full record we said, "Take the file with the full record". We thought if our medical advisers were going to fall down and not complete the file—

By Mr. Thorson:

Q. The Board of Pension Commissioners acted on the précis?—A. Not necessarily.

Q. Did they not, in actual practice?—A. No.

By Mr. MacLaren:

Q. That was not a précis of the evidence or the material on the file; it was simply a memorandum of what papers were on the file?—A. Just the main contents of some of them.

[Dr. R. J. Kee.]

By Mr. Thorson:

Q. An abstract of the file?—A. Not always.

Q. An abstract of the important parts of the file?—A. What we might have thought were the important parts of the file.

By Mr. Clark:

Q. Put it this way: it is the Commission's findings on the facts of the case?—A. No, not at all.

Mr. THORSON: Not the Commission's findings, but the medical advisers' findings?

Mr. CLARK: No, it is not; it is a synopsis of the facts on the file.

Mr. THORSON: I have seen them a dozen times.

The WITNESS: In order to shorten the workings of the Commission, these things were jotted down—what we thought were the important parts of the file.

By Mr. Clark:

Q. You say it is a synopsis of the facts? Surely, in regard to all of these cases there is a précis for each case, and in that précis is contained the facts of the case, as well as the medical findings or medical opinions.—A. If I were presenting a case to you gentlemen here to-day, instead of bringing the whole file, I would have made a synopsis of it.

Q. Am I right or wrong? Is it a synopsis of the facts, as well as the opinion or opinions of the medical advisers to the Board?—A. Not necessarily, sir.

Q. Let us get at that in two parts. Do you suggest that it is not a synopsis of the facts on the Commission's file?—A. No, it may not contain all the Appeal Board said it did not contain, and sometimes—

Q. We are not trying to trip you up— —A. I would like to answer any question you may put to me—if I can.

Q. I realize that you must leave out some things from the files, which you do not consider important.—A. Yes.

Q. That is why any facts would be left out?—A. Yes, in the documents which were presented. We are averaging from 40 to 50 per day.

Q. The doctor could put in that précis all of the facts which he considered important to the man's case?—A. Exactly.

Q. Therefore, that précis becomes a synopsis of the facts relating to the man's case as they appear on the file?—A. To that doctor?

Q. So far as the doctor is concerned?—A. Yes.

Q. I do not know whether we should go any farther with you or not, but in addition to that the précis also contains the synopsis of the facts relating to the man, or the synopsis of the evidence, some of which may not be medical; so that the précis itself is twofold, it is a medical synopsis, and, secondly, it is a synopsis of the facts which may not be medical. Therefore that précis would contain all of the facts relating to the man's case which are considered material by the Board of Pension Commissioners.—A. By that doctor.

Q. By whoever was preparing the précis.—A. Exactly.

Q. And if the Board of Pension Commissioners did not agree with the findings or with the facts as they appeared in that précis, they, in their judgment, would indicate. I presume, in what respect they differed with the facts as analyzed in that précis?—A. Exactly.

Q. Would it not be of value to the man's case to have both the synopsis in the précis and the judgment of the Board of Pension Commissioners before the Appeal Board?

The CHAIRMAN: Certainly.

Mr. THORSON: I do not think so.

The WITNESS: I do not think so. Doctors very often fall down and the Commissioners send it back and say that the facts on the file are not complete.

By Mr. Clark:

Q. Does not the judgment of the Board of Pension Commissioners indicate wherein the doctor has failed in the preparation of his synopsis in the précis?—A. They have the file there to refer to.

Q. It seems to me, Mr. Chairman, that between the précis and the judgment of the Board of Pension Commissioners you would find all of the material facts relating to the man's case, and that the précis with the judgment of the lower court, would be of extreme value to the higher court.—A. I would admit that would occur if we took the précis and said, "Take that as the man's case".

By Mr. Thorson:

Q. In actual practice is that not what it amounts to?—A. No sir.

Q. That the Board relies mainly on the précis?—A. Not mainly. I say they do not entirely rely on the précis.

By Mr. MacLaren:

Q. Then the Pensions Board make use of it?—A. Yes.

By Mr. Thorson:

Q. Are you suggesting that the Board of Pension Commissioners go through every file to see whether it checks up correctly with the précis?—A. I am suggesting if there is an inference there which the doctor puts in, the Board asks it to be read there and then, and they very often score the doctor for not putting in an important point, and he gets a reprimand over it. I am responsible—

Q. For an inaccurate précis?—A. Yes. That happens time and time again.

By Mr. McGibbon:

Q. I am only asking this for information. Was this withdrawn because you did not want to prejudice the Appeal Board, but allow them to go through their evidence and make their own decision?—A. The Appeal Board have their own medical advisers attached to the Board.

Q. Did you withdraw this to let the Appeal Board be free to go through the file and let their own medical advisers advise them, and come to a decision?—A. Yes sir, the same as our own Board was advised.

By Mr. Thorson:

Q. Under whose instructions were these précis withdrawn from the file before submission to the Federal Appeal Board?—A. Information came to us that our files were being brought up, and they were sending for the précis to be sent to the district offices, and people appearing at an appeal, say, in Edmonton, have said that soldiers' adviser got up and referred to this précis as if it were the only evidence before the Board of Pension Commissioners, and that their judgment must be wrong because the précis was wrong.

Mr. CLARK: That would appear to be the privilege of any advocate.

By Mr. Thorson:

Q. Under whose instructions was this practice of keeping the précis on file discontinued?—A. The Board of Pension Commissioners issued instructions through their Secretary.

Q. Through the Secretary?—A. Yes; the Secretary officially signs all official documents for the Board.

[Dr. R. J. Kee.]

By the Chairman:

Q. Was this a new regulation?—A. Prior to the time of the appointment of the Federal Appeal Board, the medical advisers made decisions. It never went to the Commission.

By Mr. Thorson:

Q. Doctor Kee, when was this new regulation put into effect, of discontinuing the practice of keeping the précis on file?—A. I cannot tell you the exact time.

Q. How long ago?—A. It was probably a year or so ago; I cannot give you the exact date.

Q. You have a specific regulation?—A. Yes.

Q. Changing the practice in that respect?—A. Yes.

By Mr. McPherson:

Q. Would the opinion of the medical adviser of the Commission attached to that file be outside of this précis?—A. No, the opinion was not attached to that précis, unless it is a medical opinion.

Q. That is what I mean.—A. The order was, if it were medical it must be left off, because the layman is presumed to be able to judge the value of evidence as well as a doctor.

Q. And then they go to an expert to get a medical opinion for the benefit of the layman on the Appeal Board? To be candid, I cannot understand your system at all. You have no evidence to show the layman what the result was, and then you say that the man cannot appeal without this evidence, and you send the man to the Board of Appeal and the Board of Appeal sends out and gets an opinion for the benefit of the layman. I cannot understand that.—A. Each Commission has medical advisers attached to it to advise them on medical matters.

Q. But you must not use their opinion. Do you not think it is of interest to a man to know John Jones' opinion? Do you think that should be on the file?

By Mr. McLean (Melfort):

Q. You do not think that your opinion would carry weight on my file?—A. Exactly. That is why we do not want it on these.

By Mr. Ross (Kingston):

Q. If the only reason for withdrawing that pension was the fact that the official adviser, whose duty it was to go over the file in the interest of the man, made a report which was not submitted to the Board on this précis, it seems to me a very trivial reason. Is that the only reason why it was withdrawn? Is that the only reason for the withdrawal of that?—A. Yes, we thought it might mislead the Appeal Board.

Q. Now, Dr. Kee, you make the statement that the official advisers had made use of these statements, and therefore you withdrew them. Is that the reason?—A. Just a statement, General.

By the Chairman:

Q. How did this information come to you?—A. Well, I do not know. It was through—

Q. In other words—and I want to get this on the record—you have no representative at the hearings of the Federal Appeal Board?—A. No.

[Dr. R. J. Kee.]

By Mr. Adshead:

Q. Was this done at a meeting of the Board of Pension Commissioners by a motion proposed by somebody?—A. Yes.

Q. Have you the record of the minutes anywhere?—A. Our secretary is there to take down the instructions.

Q. You have a minute of when that particular motion was put into effect, to take the précis off?—A. Exactly.

Q. Can we have this minute?—A. You can have the date of instruction.

By Sir Eugene Fiset:

Q. Was there any protest from the Appeal Board when this action was taken?—A. I do not remember. I think there was some objection to it.

Mr. ADSHEAD: I think we should have this minute.

The CHAIRMAN: I will ask Mr. Paton if he has a copy of the letter giving instructions to the medical advisers to no longer attach to the file the précis of the contents of the file.

Mr. PATON: I believe I have that instruction, sir. I can look that up for you.

Mr. ADSHEAD: And a copy of the minutes of that meeting, showing when this was done.

Mr. PATON: The instruction was given at a meeting of the Commission when it was considering 40 or 50 cases. Minutes are not kept of each of these 40 or 50 cases.

Mr. ADSHEAD: But there must be a definite instruction not to put these précis on.

Mr. PATON: The record is in the instructions to the Chief Medical Adviser.

The CHAIRMAN: Is there a certain set of regulations for the Chief Medical Officer?

Mr. PATON: No. They are issued by the Commission through me to the Chief Medical Officer.

The CHAIRMAN: This was not in the nature of a departmental regulation?

Mr. PATON: No, in the nature of instructions from the Commission.

Mr. THORSON: To remove the précis from the file before it was sent to the Federal Appeal Board?

Mr. PATON: That the précis in the future would not be put on the file.

Mr. THORSON: Where are they kept now?

Mr. PATON: In the office of the Chief Medical Officer.

Mr. THORSON: On separate files?

Mr. PATON: No, not each one on a separate file. We have a separate file for copies of the précis themselves. Each officer would keep a copy of the précis he drew up for that particular case. It was not put on the file, but it accompanied the file for the guidance of the Commission.

Mr. MCPHERSON: That is purely a technical distinction. Whether it was put on the file or not, it was with the papers?

Mr. PATON: Yes.

The CHAIRMAN: We will ask Col. Belton to tell us what representations were made to the Board of Pension Commissioners with reference to the disappearance of the précis—

Mr. ADSHEAD: What about that letter.

Mr. THORSON: We will get that.

[Dr. R. J. Kee.]

The CHAIRMAN: —which it had been the custom of the Board of Pension Commissioners to attach to the files?

Col. BELTON: I will ask the Secretary to answer that, because I do not know anything definite, but I want to take the opportunity of saying that it does not make a darn bit of difference to me whether it is on the file or not.

Mr. McGIBBON: May I ask Dr. Kee a question before he leaves?

The CHAIRMAN: Certainly.

By Mr. McGibbon:

Q. In cases where the evidence went over to the Appeal Board, and where they secured medical interpretation which would lead them to change their diagnosis, is that not equivalent to additional medical evidence?

The CHAIRMAN: May we first clear up this particular point with regard to the précis?

Mr. McGIBBON: This other matter had precedence over the précis.

Col. TOPP: Some two years ago, I think it was, it came to our notice that these précis were missing from the files. It came to our notice in this way, that one of the official soldier advisers wrote in and asked us why the précis of the Board of Pension Commissioners was no longer available to them. He said, they found them very useful in ascertaining upon just what points the Board of Pension Commissioners based their decisions. I then telephoned to the secretary of the Pensions Board to find out about this, and was informed by him of the reason for the removal of the précis, which was substantially as Dr. Kee has stated. I reported the matter to the Federal Appeal Board at its next meeting, and was advised that so far as the Federal Appeal Board was concerned, the précis was of no importance to it. We had to go over the entire file anyway and examine all the original evidence because, as Dr. Kee has said, this précis was sometimes incomplete. There the matter dropped. So far as the Appeal Board is concerned, it has not interfered with our work in any way. We have our own medical advisers right on the staff who do exactly the same work; that is, they summarize the case and tell the lay members what the usual causes of a certain disease may be, and so on.

Mr. McGIBBON: Is it not a fact that you would not be doing your duty as an Appeal Board if you did not go through all of the evidence?

Col. TOPP: We certainly would not, sir.

Mr. MACLAREN: To clear this matter up. In addition to the précis which is prepared for the Pensions Board, are the opinions of the medical advisers on the case also filed?

The CHAIRMAN: Do you refer now to the Board—

Mr. MACLAREN: In addition to the précis which may, or may not—but sometimes does—represent the medical views, is there on file and filed the medical opinion or opinions of the medical advisers of the Commission—in addition to the précis?

The CHAIRMAN: On what file?

Mr. MACLAREN: On each file.

The CHAIRMAN: On the file of the Board of Pension Commissioners?

Dr. KEE: No, it is not on.

Mr. MACLAREN: Do I understand that the medical advisers to the Board of Pension Commissioners form opinions which they submit to the Board of Pension Commissioners but which are not on the Commission's files?

Dr. KEE: I have not got your question entirely—

[Dr. R. J. Kee.]

Mr. MACLAREN: My question is, first of all, in addition to the précis—which we all understand—are there opinions of the medical advisers submitted to the Board of Pension Commissioners?

Dr. KEE: No, sir, except that I am at the meeting as the Chief Medical Officer.

Mr. MACLAREN: Then there is no other record of the medical opinions with the exception of that which may be incorporated in the précis?

Dr. KEE: None, except they might ask me to verbally give an opinion, or ask me to take the case out and discuss it verbally with the doctors and come back the next day and give them their individual opinions on it.

Mr. MACLAREN: But there is no formal record of their opinions, outside of the précis?

Dr. KEE: No, none whatsoever.

By Sir Eugene Fiset:

Q. Surely, that is a mistake, Dr. Kee. If the medical opinion of the medical adviser is made in writing, it goes to you as the Chief Medical Officer?—A. Yes.

Q. And you file it in your own private file?—A. I hold a meeting of the doctors and read the case to them, and say, "What is your opinion, John?", or Bill or Tom, and so on all the way around the table.

Q. That is not what I am getting at. You receive, as chief medical officer, the written report of your medical man. Where does it go? Do you keep it?—A. If we sent out to get an opinion? It is on the record, always.

By the Chairman:

Q. But the General (Sir Eugene Fiset) is asking you for the opinion of your own doctors, the men on your own staff.—A. It is on the précis, if it is a medical question.

By Mr. Gershaw:

Q. Is it not a fact that your doctors do not make diagnoses? You select your diagnoses?—A. We select the diagnoses, and the Commissioners have the decision in regard to entitlement.

The CHAIRMAN: Surely there must be a lot of medical opinions somewhere, in writing.

Mr. McPHERSON: The gentleman to Col. Belton's left (Col. Topp), made the statement that when the file comes to the Appeal Board the medical opinions of the Board of Pension Commissioners are removed from it. Apparently that was in the form of a précis, as Dr. Kee has said. Now Dr. Kee agrees that it was removed by, or with the approval of, the entire Pensions Board, and Col. Belton says he does not want it anyway. What are we going to do about it?

Mr. ADSHEAD: Col. Belton, was the précis of any use to you when you did have it?

Col. BELTON: You might say it was of use.

Mr. THORSON: It was a sort of cross check?

Col. BELTON: It might be helpful, and it might be hurtful. I would just as soon be without it.

Sir EUGENE FISET: But that does not answer the question of Dr. MacLaren. What Dr. MacLaren wants to ascertain is, when a case is being dealt with, does the Chief Medical Officer of the Board of Pension Commissioners ask any one of his associates to make a report or a précis or a diagnosis—call it whatever you like? Does he then give an opinion in writing?

[Dr. R. J. Kee.]

Dr. KEE: He may on the *précis*, sir, with regard to his opinion of the disease.

Sir EUGENE Fiset: But that may cover many more opinions and medical opinions.

Dr. KEE: Exactly.

Sir EUGENE Fiset: Does he make a report to you in that case—a report in writing?

Dr. KEE: No, not on the *précis*.

Sir EUGENE Fiset: But he makes a recommendation, either written or verbal?

Dr. KEE: The *précis* comes to me every morning.

Sir EUGENE Fiset: From every one of your associates?

Dr. KEE: Yes.

Sir EUGENE Fiset: Then these written reports are sent to whomever has to deal with that part of your *précis*?

Dr. KEE: Yes.

Sir EUGENE Fiset: Where do they go?

Dr. KEE: They are on the files. We take the files. They are piled that high (indicating). They are carried into the board room, and the Board says, "What case comes up first?", and we start in with a case, and the Secretary runs over the *précis*, and they refer to it as they go along, "What does the file say about that?", or "What does the Discharge Board say about that?". That is the way it goes through.

Sir EUGENE Fiset: Outside of the *précis*—if you want to call it such—made by your own associates direct to you as Chief Medical Officer of the Commission, and which is placed on the file, and all other evidence dealing with the same case which is brought before the Commission as a whole, there is the other *précis* prepared by the Secretary as the compilation of the different reports which have been received either from laymen attached to the Commission or medical advisers attached to the Commission? Then the general *précis* is in the hands of your Secretary, but this special *précis*—the medical *précis*—dealing with your medical men, which has been sent to you, remains on your file?

Dr. KEE: The Secretary does not make a *précis* at all.

Mr. ILSLEY: I think the only practical question for us to decide is whether this practice is good.

Mr. McPHERSON: What is the practice?

Sir EUGENE Fiset: Nobody can decide that.

Mr. ADSHEAD: Col. Belton says this is of no use to him.

Mr. CLARK: I would like to ask one question. When the file goes forward to the Board of Appeal, in what detail are the findings of the Commission?

Dr. KEE: There is the decision of the medical adviser on a pink slip, and on the top of this pink slip—

Mr. CLARK: On that pink slip there is no detailed finding of facts relating to the man's case.

Dr. KEE: On that it says, "Decision of the Commissioners: *re* (one) tuberculosis; (two) nephritis; (three) flat feet; (four) miasma." And after each one appears their decision.

Mr. CLARK: Is there no detailed finding of facts?

Dr. KEE: No.

Mr. CLARK: No evidence as to how the conflicting evidence was weighed?

Dr. KEE: No.

Mr. CLARK: It is not given in the form of a judgment of a court at all?

Dr. KEE: No.

By Mr. Thorson:

Q. Dr. Kee, would these *précis* be of value to the soldiers' advisers?—

A. There are some soldiers' advisers here, and you might ask them.

Mr. BOWLER: Perhaps I might make a statement on that. We have taken it for granted that there must have been some reason why the *précis* was prepared and placed before the Board of Pension Commissioners in each case. We presumed that the reason was that they had so many cases per day to decide upon that they could not possibly handle them by a complete examination of each file. We therefore considered that the *precis* prepared by their staff was part of the evidence of record, upon which the Commissioners based their decision, and we thought it should remain on file and be open to us.

Mr. CLARK: Is that the general feeling amongst the soldiers' advisers?

Mr. BOWLER: I think so.

Mr. CLARK: Have you consulted with them?

Mr. BOWLER: No sir, not especially.

Sir EUGENE Fiset: Have you full access to all the files of the Pensions Commission?

Mr. BOWLER: Not the *précis*. We have no access to the *précis* at the present time.

Sir EUGENE Fiset: But have you access to the files?

Mr. BOWLER: Everything else, yes.

Sir EUGENE Fiset: Have you access to any of the files of the Board of Appeal?

Mr. BOWLER: We never had occasion to ask for that, sir.

Mr. ADSHEAD: When you could not obtain access to the *précis*, did you find it more difficult to arrive at a decision?

Mr. BOWLER: I would have to answer that in a different way. When the *preces* were there, it sometimes simplified the matter of succeeding in an appeal, if you could show there was an error or omission of fact in the *précis*.

Sir EUGENE Fiset: You cannot give a positive answer to my second question? Have you access to the official files, as well as the private files, of the Board of Appeal?

Mr. BOWLER: I never had occasion to ask for them.

Mr. BLACK (Yukon): After all, is not this *précis* merely a memorandum made by someone who has gone through the file and selected what he considered to be the important facts on the file?

Dr. KEE: It could never be a record of the file unless it contained everything on the file.

Mr. BLACK (Yukon): Does the Appeal Board make a similar memorandum?

Dr. KEE: I understand so.

Mr. BLACK (Yukon): Is that returned to the Board of Pension Commissioners?

Dr. KEE: Yes.

Mr. BLACK (Yukon): What becomes of them?

Dr. KEE: We do not put them on the file.

Mr. BLACK (Yukon): Neither the Appeal Board nor the Board of Pension Commissioners put this summary of the facts before the other Board?

(Dr. R. J. Kee.)

Mr. McPHERSON: No.

Mr. McGIBBON: Now, may I get an answer to my other question?

The CHAIRMAN: Go ahead, Doctor. You have shown exceptional patience.

Mr. McGIBBON: It strikes me the whole thing is a conflict between the Board of Pension Commissioners and the Appeal Board. Now the law, as it stands, does not allow the Appeal Board to reverse the diagnosis. The law may be wrong, and it may be changed. I am not discussing that now. As a matter of fact, it has been reversed, and consequently was illegal. The question I would like to ask is if, when a case goes to the Appeal Board and additional medical evidence or interpretation, or whatever you may call it, is secured, which leads to a different diagnosis, as in the case cited, is that not equivalent to additional medical evidence?

The CHAIRMAN: I do not object to the Doctor asking that question, but it should be patent to everyone that it is clearly a matter of opinion on a matter upon which Dr. Kee has certainly strong views.

Mr. THORSON: His opinion is no more valuable than anybody else's.

Dr. KEE: If you will let me explain that for a moment. Any difficulty which has arisen is due to the fact that we get a diagnosis and give a decision on it. It goes to the Federal Appeal Board, and they review the record, and they say, "Now, there is a possibility this is not a correct diagnosis, and we will send it out to some doctor to get his opinion as to whether this is a correct diagnosis," and they get that opinion, and the doctor, as in this case of Ouellette—and this is the best case that could possibly be brought—says, "Well, in my opinion, that is not a correct diagnosis, 'rom the evidence on file, although I have not examined the man." If that came back, the Appeal Board would likely say to us, "It looks as if you people have given your decision on the wrong diagnosis. Let us clear it up and start all over again. Let us start from a common basis." Then all our difficulties would pass just like that (indicating by a wave of the hand).

Mr. McGIBBON: If that procedure were followed?

Dr. KEE: Yes.

Mr. McGIBBON: Then we may presume it was not followed?

Dr. KEE: It was not followed in the Ouellette case. I get as many as six or seven letters a day—

Mr. McGIBBON: Just forget those for a moment. Are there many cases which are not referred back?

Dr. KEE: In which the diagnosis was changed?

Mr. McGIBBON: Yes.

Dr. KEE: I should think there were not over eight cases during the five years' existence of the Federal Appeal Board.

The CHAIRMAN: Is it not a fact that the Federal Appeal Board have discontinued the practice of giving judgment on the different diagnosis, since they were told by the Justice Department they had no authority to do so?

Col. BELTON: That is so.

Mr. McGIBBON: I want to clear this up. As a matter of fact, where the applicant is not satisfied with his diagnosis, do you not think it would be better to have that settled first and take his appeal afterwards?

Dr. KEE: Absolutely satisfactory. It would save a lot of trouble and satisfy the man. In his opinion, there are many cases which arise in carrying out the section of the Pension Act where that is the only way we have of classifying the disability. For instance, a man may have locomotor ataxia, and we cannot go on with that because it did not occur in service. We all know that

[Dr. R. J. Kee.]

locomoter ataxia is caused from syphilis—syphilis is the only cause. There is no medical classification, and we cannot pay the pension under the Act for syphilis, even if the appeal were allowed. So you see this would take away a lot of our difficulties, but we cannot get away from the diagnosis.

Mr. McGIBBON: That is what one would think. For instance, in the case of a dispute where a man is not satisfied, would it not be a good idea to have a neutral body like the D.S.C.R. settle it rather than a doctor?

Dr. KEE: Absolutely yes. That is the real need of it. It would be acceptable to everybody to have the diagnosis settled before we started.

Mr. ADSHEAD: Do you agree with that statement, Col. Belton?

The CHAIRMAN: Col. Belton has said he does not.

Col. BELTON: Oh no. I said that is not the way in which we have approached the matter. I said, we were approaching the appeal in precisely the same way as the Board of Pension Commissioners. They have made a choice of the diagnosis. We have all the facts before us and we select the one we think is proper, and if we want medical help we get it. We get no fresh evidence, but we get a fresh interpretation.

Mr. McGIBBON: I am only asking for information, and am confining my question to that class of cases where the applicant is not satisfied.

Col. BELTON: I do not think the applicant is concerned about diagnosis. He is concerned with the fact that he is weak and sick, or all stiffened up, and whether it is called synovitis from an injury, or a gunshot wound, or from disease, makes no difference to him or to the country, as long as the condition was incurred in service.

Mr. McGIBBON: Doctor Kee said it would clear up the difficulty, so there must be a difficulty in the way.

The CHAIRMAN: There is no doubt that there are difficulties.

Dr. KEE: I would like to show in regard to the Ouellette case how far we did go. This man was on a pension for optic neuritis. The case came up, and the pension was granted, when Colonel Belton was the Chief Medical Officer. It came up in the ordinary routine of examination by the Department and the specialist who examined him said, "This man has not optic neuritis; it is only a nerve refraction. He has always had it. It is congenital and was not aggravated by service," and his pension ceased.

Mr. THORSON: Who said that?

Dr. KEE: The man who made the examination.

Mr. THORSON: In the Department, or outside?

Dr. KEE: He was examined in the Department for the Board of Pension Commissioners.

Mr. ADSHEAD: It was his evidence against the evidence of the other doctors.

Dr. KEE: It was granted on the military diagnosis.

Mr. ADSHEAD: It was a case of one against one, so you took the one who said no, rather than the one who said yes.

Dr. KEE: I do not know how many times he was examined. In any event, the pension was discontinued. Then the Appeal Board was formed in 1925. The man appealed to the Appeal Board, and they asked us what our decision was, and we said that it was a congenital condition not aggravated by service. He appealed to the Federal Appeal Board. A Commission sat at Quebec and heard the case, and we heard no more about it until we got a judgment allowing the appeal as optic atrophy incurred on service.

[Dr. R. J. Kee.]

Sir EUGENE Fiset: Not knowing they had asked a specialist?

Dr. KEE: Not knowing anything about it.

Mr. ADSHEAD: Why did you take the opinion so quickly of one doctor as against the other?

Dr. KEE: On routine examination we take the diagnosis given by the examining doctor. That was before the Board of Pension Commissioners was appointed.

Mr. ADSHEAD: It seems peculiar. Here is the man whose case was diagnosed by a medical authority as optic neuritis, and another man comes along and says "No," and you take the opinion of the latter without any further consideration.

Col. BELTON: That is the reason for the Appeal Board.

The CHAIRMAN: I have looked over his file. I have here his medical sheet dated September 5th, 1919, signed by Doctor George J. Boyce and Dr. E. Buchanan Convery:

Optic neuritis. Suffers from weakness rather marked at times. See specialist's report herewith attached. Should seek occupation where no strain would be involved. States that he was employed in tunnelling company in vicinity of Hill 60. Several times blown up and gassed. After this found some difficulty in following his assigned duties.

Mr. ADSHEAD: Is that your general practice, Dr. Kee, that where a diagnosis has been given by a military authority, and a man has been pensioned, and some other doctor comes along and says the diagnosis is wrong, you at once cut off the pension?

Dr. KEE: That was probably the practice away back, yes. We were dealing with 300 or 400 cases a day—

Mr. ADSHEAD: Do you think that is giving the soldier a fair show?

Dr. KEE: I do not know. The diagnosis may be changed a good many times. Let me finish this, if it is not boring. In any event, we got the judgment of the Federal Appeal Board, and it was brought into the Board meeting and the Board said, "Probably we are wrong in our diagnosis; let us go a little further, and if we have been wrong, let us start over again. While their report is ultra vires under the law, there must be something wrong with it. What shall we do? Bring this man back and examine him again." So we sent and had him brought up to Montreal, and had him examined by the same man who had said, "No, my former report is correct." We heard no more about it until the Soldiers' Adviser came over to the Board, and he said "This man has been examined and one doctor has said that it was optic neuritis, and another one said that it is a congenital condition of optic atrophy, but we claim that we have the weight of opinion that it is optic atrophy," and he said to the Board, "This judgment has been up for some time and if you want to show co-operation to arrive at a proper diagnosis, the Appeal Board have submitted all the documents on this case to one of the most outstanding men in Canada—mentioned by Col. Belton yesterday—and that man has said that on the evidence on the file this man has optic atrophy." He said, "If you want to be fair, get this man and examine him." So the Board's judgment is on the file after the appearance of the soldiers' adviser before them in this respect. After the judgment had been given, and after we had learned—we never had it in writing, but we had learned—that Doctor Minnes had expressed an opinion that this man had optic neuritis—

Mr. McPHERSON: Doctor Minnes expressed his opinion from the file to the Appeal Board. Do I understand that you had to make a physical examination?

[Dr. R. J. Kee.]

Dr. KEE: We did not have this opinion. The soldiers' adviser told us that it existed.

Mr. McPHERSON: It is admitted that he gave his opinion from the file to the Federal Appeal Board?

Dr. KEE: Yes.

Mr. McPHERSON: Do I understand that after it was sent back to you, you had Dr. Minnes make a physical examination of the man?

Dr. KEE: It did not come back to us.

Mr. McPHERSON: After the file came back?

Dr. KEE: Yes. Then the Commissioners said, "All right, ask the Department to send to Quebec and bring this man to Ottawa, and if Doctor Minnes confirms what he said on the file, we will pay attention".

Mr. McPHERSON: It was the personal examination of the man from which you made your ruling?

Dr. KEE: Yes.

Mr. McPHERSON: And he gave an exact reversal of the opinion given from the file?

Dr. KEE: After he examined the man. He did not say he ever gave them an opinion. We do not know yet officially—

Mr. McPHERSON: We do. We have been told under oath.

Mr. McGIBBON: As a medical man, Doctor, do you agree that you cannot make a diagnosis from paper?

Dr. KEE: Quite.

Mr. McGIBBON: It is impossible?

Dr. KEE: It is impossible. That is the reason we do not make the diagnoses.

Mr. ILSLEY: Have you finished your story, Doctor? I would like to hear the rest of it.

Dr. KEE: This man was brought to Ottawa, and while the Chairman here says that the soldiers' adviser did not agree with me, we were told we could abide by the decision. If you will let me read the decision of the Commissioners, it was very plain. There was not any mistake even after the judgment of the Federal Appeal Board had been issued for over a year:

1. Mr. Achille Pettigrew, Official Soldiers' Adviser for the City of Quebec, appeared before the Commissioners on Friday, May 8th, 1925, and submitted the attached factum in the marginally noted man's case.

2. Mr. Pettigrew argued as follows:

1. That the judgment of Commissioner Roy of the Federal Appeal Board allowed the appeal that this man's defective vision is due to optic neuritis and that the Board of Pension Commissioners was obliged to accept this diagnosis; and that on account of the fact that the B.P.C. had not appealed within thirty days under the Statute they must pay pension.

2. That as an alternative this man did have optic neuritis, and that the weight of evidence, namely the opinions of Dr. Minnes, Dr. Turcott and Dr. Tousignant are in favour of this diagnosis. That here was only one specialist's opinion against the diagnosis of optic neuritis—namely, Dr. McKee.

3. The Commissioners, after considering Mr. Pettigrew's arguments, have decided,—

1. Commissioner Roy's judgment in this case is not a reversal of the decision of the Board of Pension Commissioners. It is,

[Dr. R. J. Kee.]

therefore, *ultra vires* and no action is indicated by the Board of Pension Commissioners in regard to this judgment.

2. In order to settle any question as to the diagnosis in this case the Board orders that his man should be brought to Ottawa and examined by Doctor R. S. Minnes, and his diagnosis of the cause of defective vision accepted.
3. When this report is obtained the case should be further referred to the Board.

That is the communication of the Board, even before the judgment was issued. They wanted to see that that man got a pension. On the very same basis, the Federal Appeal Board changed the diagnosis.

Mr. ADSHEAD: In the meantime, his pension was cut off?

Mr. McPHERSON: And he was held not to be entitled to it.

Dr. KEE: We have Doctor Minnes' report, "not due to service, and not aggravated."

Mr. THORSON: He is giving evidence on the question of development, as well as diagnosis.

Dr. KEE: Yes, because he knew, from his medical knowledge of this particular disease.

Mr. McLEAN (Melfort): Based on his physical examination of the man?

Dr. KEE: Based on his examination of the man. That is one of the most outstanding eye men in Canada.

Mr. McGIBBON: Does that not bring up the point again, that even a medical man, reading evidence, cannot give a proper diagnosis?

Dr. KEE: Absolutely.

The CHAIRMAN: Would you read that, please.

Dr. KEE: (Reads):

With reference to our decision dated 20-5-25, the report of Dr. R. S. Minnes has now been received, and this report shows that the marginally noted man's eye condition is amblyopia exanopsia, due to refractive error, which is a congenital condition, and is not in any way related to military service.

Hon. Sir EUGENE Fiset: In this report from Dr. Minnes, he does not mention the first examination which was sent to him by the Board of Appeal?

Dr. KEE: He did not examine him.

Mr. McPHERSON: I think Dr. Minnes is absolutely clear in his impression. He has given a contrary diagnosis on the same evidence. That was my understanding earlier in this discussion, and now I am satisfied that he gave his first report based on documentary evidence, and his second on a physical examination. He is absolutely justified in changing it.

Mr. McGIBBON: I think the practice of diagnosing from documentary evidence ought to be stopped.

Mr. BARROW: Might I ask Dr. Kee a question?

The CHAIRMAN: All right.

Mr. BARROW: Will the Board not give a decision, upon request, on any diagnosis submitted?

Dr. KEE: Yes.

Mr. BARROW: If a man has a heart condition, say, disorderly action of the heart, the Board gives a decision?

Dr. KEE: Yes.

Mr. BARROW: Then a medical certificate comes along giving neuresthenia causing disorderly action of the heart; will the Board not give a decision?

Dr. KEE: I would consider it one and the same diagnosis.

Mr. BARROW: A certificate comes along, V.D.H.

Dr. KEE: It might be tubercular, and still the D.A.H. be only a symptom.

Mr. BARROW: Do you not consider that a man is entitled to an application on any primary disease?

Dr. KEE: Any primary disease which he can get substantiated, in any shape or form, by any medical man.

Mr. BARROW: With the right of appeal?

Dr. KEE: With the right of appeal.

Mr. THORSON: Dr. Kee, have you considered the proposed amendments, or suggestions, from the Department and how they will work out towards adjusting the difficulties that have arisen?

Dr. KEE: I think that would increase our difficulties, instead of helping us.

Mr. THORSON: Will you read it, please?

Dr. KEE: I am referring to the suggestion with regard to the amending of Section 51, subsections 2 to 8. This particular one reads as follows:—

Every decision of the Board allowing an appeal shall be final, unless;

- (a) The medical classification of the injury or disease upon which the allowance was based is different from that upon which the Commission based its decision, and;
- (b) The Commission, within three months after the coming into force of this Section, or within three months after the decision of the Board, returns the case for further consideration by the latter, with such representations as the Commission may consider material, and, if on such further consideration, the Board affirms its former decision, the same shall be accepted and acted upon by the Commission.

The Commissioners return the case to the Appeal Board, drawing their attention to the fact that the diagnosis was changed, and making whatever representations they consider material. The Appeal Board say, "no change," and then the Board would be called upon to pay the pension.

Mr. SCAMMELL: May I interpolate for one moment? The Minister, after discussing this particular sub-section with Colonel Belton, has decided to amend that draft slightly. May I read the amendment?

That, if the medical classification of the injury or disease resulting in disability or death, in respect of which the allowance of an appeal is based, is different from that upon which the Commission based its decision, the Commission may, within three months after the coming into force of this sub-section, or within three months after the decision of the Board, make such representations to the Board as the Commission may consider material. If, after consideration of such further representations, the Board affirms its former decision, the same shall be final and shall be binding upon the applicant and upon the Commission. Pending the foregoing action, no notification shall be sent to the applicant.

Dr. KEE: That means, from my point of view, that, if the Board of Pension Commissioners say that tuberculosis was a post-discharge condition, and it goes to the Federal Appeal Board and they say the man has not tuberculosis at all, but flat feet, and the flat feet were incurred on service, they send it back

[Dr. R. J. Kee.]

to the Board of Pension Commissioners, and say, "pension for flat feet", and the Board would be compelled to do that. I do not know how they would work out the assessment, but they would necessarily be bound to carry out the decision of the Federal Appeal Board. I think that is very ambiguous myself.

The CHAIRMAN: You forget that the Federal Appeal Board, in giving the decision that the man is suffering from flat feet, must have been able to find some justification for arriving at that decision from the evidence and the record, under the law as at present.

Mr. SANDERSON: But the man, at least, gets a pension.

The CHAIRMAN: There must be something on the records, or in the evidence which is handed to the Appeal Board, showing that some doctor, or someone, stated that he had flat feet. Otherwise, under the law, they cannot give that decision.

Dr. KEE: When you bring that to my attention you are probably right.

Mr. SANDERSON: If the Appeal Board have been able to find out that the man had flat feet, or some other disability incurred on service, the Board of Pension Commissioners should be glad to find that out.

Dr. KEE: Quite.

Mr. SANDERSON: And the man gets a pension?

Dr. KEE: Yes.

Mr. SANDERSON: And there is no harm done?

Dr. KEE: There would not be, no, not if we could find any flat feet.

Mr. THORNSON: I assume that this suggestion supposes that both Boards act reasonably, and it provides for the getting together of the two Boards on the question of differences in diagnoses, and, if the two Boards do not agree, the judgment of the Federal Appeal Board shall prevail?

Dr. KEE: Yes. We can draw attention to it, as we have done in the past.

Mr. THORNSON: What do you think of that suggestion?

Dr. KEE: I think it is unworkable. In the past it has been unworkable.

Mr. THORSON: Why do you say it would be unworkable?

Dr. KEE: We have the Ouellette case.

The CHAIRMAN: Will you tell us why you never got together in the past?

Dr. KEE: Our association with the Federal Appeal Board has been of the very kindest, as far as I am concerned. They have been of the greatest help to us possible.

Mr. THORSON: I would like to know why you say this suggestion would be unworkable?

Dr. KEE: If the Federal Appeal Board said that a diagnosis was wrong in any case, and referred it back to us, we would go to the greatest extreme to try and arrive at a diagnosis suitable to everybody.

Mr. THORSON: Will you please keep to the question? Why do you say this suggestion would be unworkable?

Dr. KEE: Well, "unworkable" probably is not quite the word.

Mr. THORSON: Here is a suggestion that is made, that where there has been a difference of opinion, there should be a reference back to the Board of Pension Commissioners.

Dr. KEE: Is not the reference to the Appeal Board?

Mr. THORSON: It is a reference back to the Board of Pension Commissioners.

Sir EUGENE Fiset: From the Appeal Board.

[Dr. R. J. Kee.]

Mr. THORSON: Why do you say that the suggestion of getting together is unworkable? Here is an amended suggestion that has been put forward by Mr. Seammell. You state that that suggestion is unworkable, and I want to know why you say that.

Col. BELTON: Is not the Ouellette case a good example?

Mr. THORSON: I would like the witness to have that suggestion right before him. Will you look at that suggestion, and answer the question I asked you? You stated that that suggestion was unworkable, and I want you to tell me why you think it is unworkable.

Mr. ILSLEY: He has said that that was not the proper word.

The CHAIRMAN: He said it was not practical.

Col. BELTON: Let him understand it; he has just seen it for the first time.

Dr. KEE: This case is an example, I think, why it is unworkable.

Mr. THORSON: Tell me what you think of that suggestion? If you think it is unworkable, or impracticable, tell me why you think so?

Dr. KEE: We give a decision and it goes to the Federal Appeal Board. Their decision is that the optic atrophy which resulted in defective vision, occurred on service. Their allowance of the appeal comes back to the Board of Pension Commissioners. The Board of Pension Commissioners, from the minutes of the decision of the Board of Appeal, make representations to them that they have changed the diagnosis, and ask them to consider it further. They make no answer until three months have passed, or if they do make an answer, they say they will not change it. Now, we are just in the same position we were in before.

Mr. THORSON: And the judgment of the Federal Appeal Board prevails

Dr. KEE: Yes.

Mr. SPEAKMAN: In these further representations, which you suggest, would be included the report of the specialist who had made a personal examination. You would bring forward evidence to show that that diagnosis was wrong, by producing the certificate of the doctor?

Dr. KEE: There is that possibility.

Mr. SPEAKMAN: Your final statement, as to its unworkability, amounts to this: that whatever your representations are, in the final analysis, the Board of Appeal can force you to pay a pension which you do not think should be paid? That is, when there is a conflict of opinion whether or not a pension should be paid, in certain cases the Appeal Board can override the decision of the Board of Pension Commissioners, and make you pay a pension that you think should not be paid?

Dr. KEE: I think that is quite right. The Board of Pension Commissioners may say, "we do not believe the evidence of John Brown, M.D. He stated that he attended this man in 1919 for tuberculosis. We do not believe that." It may go to the Appeal Board, and they say, "we believe the evidence of John Brown, M.D., and we are going to allow this appeal. We think this is a just appeal, and a layman can decide it as well as a medical man." On medical questions, such as tuberculosis, diabetes, and insidious diseases, it is absolutely necessary to decide your entitlement, to know something about the disease. Different diseases have different periods of time. It is highly important, in arriving at entitlement, to know something about the disease you are dealing with.

Mr. McPHERSON: The Federal Appeal Board have their medical advisers.

Mr. SPEAKMAN: I quite agree with you, especially in this Ouellette case, that you could secure further medical evidence. Then, in your representations

[Dr. R. J. Kee.]

in the three months, when you returned your case, you would include that additional medical evidence, upon which the Board of Appeal would again make a judgment?

Dr. KEE: They would not need to make another judgment.

Mr. BOWLER: Could I interpolate something there, to make the question a little more definite? The point is, where is the Ouellette case now?

Sir EUGENE Fiset: It is on file.

Mr. BOWLER: It is on file. Can Ouellette come to the Appeal Board with an appeal?

Mr. McPHERSON: When you get the actual diagnosis from the specialist of his physical condition, you would take back to the Appeal Board, within the three months limit, the statement by that specialist as to the condition that existed, and how he arrived at that. The Appeal Board would assume, I think, that he knew what he was talking about, when he made the diagnosis himself.

Col. BELTON: Mr. McPherson, should the man still have an appeal to the Federal Appeal Board?

Mr. McPHERSON: I think so.

Col. BELTON: He cannot, under the present legislation.

Mr. McPHERSON: We are discussing this proposal.

Col. BELTON: Under this proposal he might have, and, for that reason, the proposal is quite acceptable to the Federal Appeal Board, as is any proposal to smooth the working of the Board. The trouble with the Ouellette case, as it is now, is that we have a majority of opinion that the man has optic atrophy,

Mr. McGIBBON: That, after all, depends upon the medical evidence.

Mr. McGIBBON: By people who actually examined him?

Col. BELTON: Yes. Should the man not have a chance to go before an independent board with all the added evidence? and that he has optic neuritis.

The CHAIRMAN: As I understand the suggestion put forward by Mr. Scammell, it is that there should be some means of bringing about what we, in our constitutional theory, call a conference, when it occurs between the House of Commons and the Senate. There should be something in the Act to bring about a conference between the Federal Appeal Board and the Board of Pension Commissioners. It seems to be the opinion of Dr. Kee, at any rate, that any such conference would not lead to any good results.

Dr. KEE: Oh, no, just the very opposite.

Mr. McGIBBON: It is light that we want upon this subject. Let us ask Dr. Kee and Colonel Belton what suggestions they have got as to cleaning up this difficulty.

Dr. KEE: My suggestion is to get together closer with the Board of Appeal.

Sir EUGENE Fiset: How?

Dr. KEE: In every possible way we can.

Mr. McGIBBON: Give us something more.

Dr. KEE: My suggestion is that when we send over a diagnosis to the Board of Appeal, and they look at it, before issuing their judgment they call us up and say, "Gentlemen, you have given your decision on the wrong diagnosis. Let us get this settled and get another decision before we deal with it. We think it is optic atrophy."

Mr. McGIBBON: What other suggestions have you got?

Dr. KEE: What I want is co-operation.

The CHAIRMAN: May I just ask Dr. Kee in what way his suggestion differs from the suggestion made by the D.S.C.R.?

Mr. McGIBBON: Perhaps he has some more suggestions.

The CHAIRMAN: My question is, in what way does the suggestion made by Mr. Scammell of the D.S.C.R. differ from the one that you are making now?

Dr. KEE: Very materially, because they have issued a judgment to the man and changed the diagnosis.

Mr. THORSON: They have not issued a judgment to the man.

Mr. McGIBBON: They have changed the judgment, anyway.

Dr. KEE: Changed the diagnosis.

The CHAIRMAN: To put it in another way: In Dr. Kee's opinion, the Federal Appeal Board should write to the Board of Pension Commissioners, and say, "We are on the point of giving a decision which will affect the diagnosis. Before doing so, would you kindly come over and discuss this matter with us"?

Dr. KEE: Exactly. Let us try and get it straightened up before we start.

Mr. McGIBBON: If you cannot get it straightened out, submit it to the Board.

Mr. SANDERSON: I would suggest that the Board of Appeal and the Board of Pension Commissioners get together more.

Dr. KEE: That is just the trouble with the whole thing. We can settle these things satisfactorily to the returned soldier, and everybody else.

Mr. THORSON: Let us hear from Colonel Belton.

The CHAIRMAN: Let us hear what you have to say about Dr. Kee's suggestion.

Col. BELTON: It is perfectly all right.

The CHAIRMAN: Will you explain to us what you think of Dr. Kee's suggestion, that, before giving a decision, there should be a conference.?

Mr. McGIBBON: I asked Dr. Kee and Colonel Belton to give us their opinion of how this thing can be remedied.

The CHAIRMAN: That is just what we are getting from Dr. Kee, and I wanted to get the same thing from Colonel Belton.

Col. BELTON: When this decision was given, and recorded, it was found desirable to consult with two specialists. This judgment goes over to the Board of Pension Commissioners, and the Board of Pension Commissioners had a month to have that heard before a quorum of the Board.

The CHAIRMAN: I am going to put you right, Colonel Belton. We are not here to hear any recriminations, or any trouble between the Boards. What we want to hear is what you think of the suggestion put forth by Dr. Kee, that before a decision is arrived at, there should be a consultation between the two Boards. Give us your opinion on that, and not what has happened in the past.

Col. BELTON: There is a provision for the Board of Pension Commissioners to appear before the Federal Appeal Board, when any case is being appealed, and make such representations as they desire.

The CHAIRMAN: There is that provision?

Col. BELTON: Yes.

The CHAIRMAN: That the Board of Pension Commissioners may send representatives to the Federal Appeal Board?

Col. BELTON: Yes.

[Dr. R. J. Kee.]

The CHAIRMAN: The suggestion of Dr. Kee is that you have a conference before giving a decision, whenever there is a question of a change of diagnosis.

Col. BELTON: We would be glad to do so. But remember, unless you make a change this case of Ouellette's cannot come before the Federal Appeal Board.

Mr. ILSLEY: You feel, in justice, that something should be done about it?

Col. BELTON: At the present time that case cannot come before the Federal Appeal Board. If you want it to come before the Federal Appeal Board, you will have to take some action. You understand that the case is ended. If it comes back, we must accept the diagnosis of the last man. If we sent it back to them again, I presume that is what it would amount to. We would say, "Can we not get the opinion of a couple of independent men? Can we not send it back to one of those men who treated the man for months for a condition of optic neuritis? Can we not send it back to him?" Perhaps, that would be the result of our application, and we would finally get such an opinion as to make it finally beyond question. But, as it is at present, it is ended. You have had all the evidence. You know that there are five or six men on one side, and two or three on the other.

Mr. MACLAREN: Supposing that it were desirable for the Appeal Board to again have the Ouellette case come before them; what change would you make so that it could come before you?

Col. BELTON: The amendment that is already here.

Mr. MACLAREN: The amendment now presented by Mr. Scammell?

Col. BELTON: The amendment which says that we make different diagnoses, and when that is done, they have a month to make representations.

Mr. ILSLEY: Is it not undesirable to have a decision changed, a diagnosis made and issued?

Col. BELTON: We do not propose to have it issued.

Mr. ILSLEY: The section talks about your duties, the allowance of appeal, and so on. Is it not undesirable to have it stated there that the appeal has been allowed, undesirable from the soldiers' standpoint?

Col. BELTON: Yes, that might be.

Mr. THORSON: Before you actually hand down your judgment?

Col. BELTON: The point is that if there was an error of refraction, it is a congenital condition. It is held by the Board of Pension Commissioners, and by the Department of Justice, that the fact of its being said to be a congenital condition, puts it out of court.

The CHAIRMAN: May I be permitted to make a suggestion, arising out of all this discussion; that the Committee instruct the members of the Federal Appeal Board, and the members of the Board of Pension Commissioners, to get together and hold a round-table conference, and come here with amendments that will make this Act more workable. If it is the wish of the Committee that we instruct them to do that, we will do so.

Mr. SANDERSON: I will move that they be asked to do it.

Mr. BOWLER: From the point of view of the Legion, the great point is that the controversy should be settled prior to the issuing of the judgment to the appellant, and that there should not be too much delay.

The CHAIRMAN: We will advise the members of both Boards to get together and come here next Monday or Tuesday.

Mr. BLACK (Yukon): What about the D.S.C.R. officers conferring with them?

The CHAIRMAN: I do not think that they would have much objection to their conferring with them.

Witnesses retired.

The Committee adjourned until Friday, March 16, at 11 o'clock a.m.

ADDENDA

(Submitted by Col. C. B. Topp, Federal Appeal Board)

PROGRESS REPORT

Week ending March 10th, 1928

	Halifax	Saint John	Charlottetown	Quebec	Montreal	Ottawa	Toronto	London	Winnipeg	Regina	Calgary	Vancouver	Victoria	Total
Appeals awaiting further information.....	42	20	8	39	165	127	141	48	892	31	48	53	144	1,758
Outside jurisdiction.....	154	111	10	70	943	489	462	180	568	110	199	231	70	3,597
Re-opened by B.P.C. since appeal entered and allowed.....	54	23	5	15	131	32	216	76	96	32	62	37	16	895
Appeals awaiting hearing.....	95	21	9	.....	208	140	292	59	29	38	60	91	55	1,197
Set for hearing.....	.....	.....	.....	.....	.....	.....	64	.....	14	62	.....	.....	.....	140
Heard, judgment outstanding.....	2	1	.....	3	29	38	57	31	26	.....	81	2	.....	270
Heard, adjourned.....	2	2	1	2	7	7	15	8	6	1	6	.....	1	58
Appeals heard, completed.....	287	167	51	75	350	669	963	298	323	262	334	340	154	4,273
Meritorious, in preparation.....	1	.....	.....	.....	1	.....	1	.....	.....	.....	1	.....	.....	3
Meritorious, ready for consideration.....	14	3	5	5	17	47	57	24	23	15	36	16	12	274
Totals.....	651	348	89	209	1,951	1,649	2,268	724	1,977	551	827	770	452	12,466
Appeals received during past 10 days.....	13	3	2	3	9	7	18	4	13	5	6	10	4	97

IMPERIALS

Appeals heard.....	19	5	1	7	76	36	365	102	80	50	77	120	46	984
Appeals set for hearing.....	.....	.....	.....	.....	.....	.....	3	.....	.....	6	.....	.....	.....	9
Appeals awaiting hearing.....	2	1	.....	.....	1	1	6	4	1	4	6	11	2	39
Totals.....	21	6	1	7	77	37	374	106	81	60	83	131	48	1,032

NOTE.—The above does not include withdrawn appeals or miscellaneous enquiries, or appeals, where the appellant's address is unknown.

FRIDAY, March 16, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

W. STUART EDWARDS (Deputy Minister of Justice), called and sworn.

By the Chairman:

Q. Mr. Edwards, in the course of the evidence given on Wednesday, March 14, a question arose with regard to what is known as the Ouellette case. Mr. Clark, a member of the Committee, thought it would be advisable to have you here to analyze the provisions of the Act upon which you based your opinion in this case. Will you be kind enough to do so. First of all, you had better produce the submission of the Board of Pension Commissioners to you for your opinion and then explain the basis of your decision?—A. The submission, Mr. Chairman, was made in a letter from N. F. Parkinson, Deputy Minister of the Department of Soldiers' Civil Re-establishment under date of the 17th of September, 1924. Shall I read the letter into the record?

Mr. ADSHEAD: Yes.

WITNESS: The letter reads as follows:

DEAR SIR,—At the request of the honourable the Minister, I am forwarding two sets of briefs, one covering some seven cases in dispute between the Federal Appeal Board and the Board of Pension Commissioners, as from the viewpoint of the latter, the other giving a similar presentation from the Federal Appeal Board with the addition of a statement *re* the case of number 416092, Isidore Ouellette, and in this connection a further statement is being asked for from the office of the Board of Pension Commissioners. It is requested in connection with these briefs that you should go over the arguments presented in each case and advise me as to the correctness or otherwise of the stand taken by each body in each case.

Section 11 (1) of Chap. 62, Statutes of 1923, is the legislation under which the Federal Appeal Boards operates. In addition Order in Council P.C. 212, a copy of which is attached, contains certain regulations covering procedure.

May I be favoured with an early reply, please.

Yours sincerely,

(Sgd.) N. F. PARKINSON,
Deputy Minister.

That is addressed to the Deputy Minister of Justice, Ottawa, Ontario. The letter just read was followed by a subsequent letter of the 20th of September, 1924, from Mr. Parkinson to myself, reading as follows:

Further to my letter of the 17th instant, I am enclosing a memorandum from the Board of Pension Commissioners, dated September 18, covering case No. 416092, Pte. Isidore Ouellette. The above completes the cases on the part of the Board of Pension Commissioners and the Federal Appeal Board for your consideration, please.

[Mr. W. S. Edwards.]

Upon that submission the matter was considered in the Department of Justice, and in the result I gave the opinion which I think is already on the record. The briefs which were submitted at the time were returned with the opinion, and I have not seen them in the three or four years which have ensued since the opinion was given, but speaking from recollection I carefully examined the respective submissions contained in the briefs, and came to the conclusion that in the Ouellette case the point appeared to be whether the Federal Appeal Board had disposed of the case within the powers which Parliament had given to that Board.

As the Committee is aware the statute creating the Federal Appeal Board did not give it—

By Mr. Adshead:

Q. What section are you quoting from, please?—A. I am not quoting. The statute creating the Federal Appeal Board did not confer upon it the general powers of a Board of Appeal, but provided as follows:

51. Upon the evidence and record upon which the Commission gave its decision, an appeal shall lie in respect of any refusal of pension by the Commission on the ground that the injury or disease or aggravation thereof resulting in disability or death was not attributable to, or was not incurred during military service.

That is Section 51, of Chapter 157, Revised Statutes of Canada, 1927. My opinion as to the meaning and effect was, and is, that in any case where the Board of Pension Commissioners have held that there is an injury or disease or aggravation thereof resulting in disability or death, but that such disease or injury or aggravation thereof resulting in disability or death was not attributable to, or was not incurred during military service, an appeal lies to the Federal Appeal Board, and the question in the Ouellette case was whether the question of the injury or disease or aggravation thereof was attributable to or caused during military service, had to be decided by the Board of Pension Commissioners.

As I understood the record at the time, Ouellette applied to the Board of Pension Commissioners for a pension on the ground that he was suffering from an error of refraction.

Mr. ADSHEAD: He had a pension already.

The CHAIRMAN: That is not pertinent to the inquiry.

WITNESS: The Board of Pension Commissioners found that if he was suffering from an error of refraction that was a disease which could not have any relation to military service but was a congenital condition and that therefore the question of whether it was incurred on military service could not arise. They also added that it was not aggravated by military service. Mr. Ouellette carried the case to the Federal Appeal Board.

In my judgment the Federal Appeal Board could have done several things. They could have said that the Pension Board was wrong in saying that the error of refraction was not aggravated on military service, and that would have been an effective decision, coming within their powers; or they might have agreed with the Pension Board and dismissed the appeal. That would have also been within their powers. Instead of doing that, they said, "This man is suffering from a totally different disease or injury from that which was considered by the Board of Pension Commissioners, and we will take evidence upon that independently and deal with it as though it were an application before the Board of Pension Commissioners." They ascertained as a result of their inquiries that in their judgment he was suffering from optic neuritis, and they directed that that optic neuritis was either incurred or aggravated during military service, and purported to direct that he be granted a pension.

[Mr. W. S. Edwards.]

In considering that point I had before me the opinion of my predecessor, now Judge Newcombe, in the case of Sapper Arthur Smith. In that case the Board of Pension Commissioners decided to the effect that the loss of the man's leg, which was the ground of the application—

By Mr. Adshead:

Q. Was that an application for a new pension?—A. That was the Smith case. In the first application they found that the loss of the man's leg, which was the ground of the application, was incurred while he was drunk, and that it was not pensionable for that reason. Two questions were submitted; (1) is it proper that the Federal Appeal Board should hear an appeal in such a case? Second, if the appeal is heard, and the Board comes to the conclusion that the loss of the leg was not attributable to misconduct, would the Board be justified in declaring that the disability was incurred on service and was not caused by the misconduct of the appellant.

Mr. Newcombe, then Deputy Minister of Justice, answered those two questions as follows:—

I would answer the first question in the negative, and therefore it is not necessary to answer the second.

The Federal Appeal Board, I may say has only a limited jurisdiction which is defined by Section 11-1 of 1923, which you quote, and this does not extend to cases like the present, in which the Board of Pension Commissioners refuses the application upon the ground that the injury is due to improper conduct. As I understand this case, the decision of the Board of Pension Commissioners was that although the injury occurred during military service, it was due to improper conduct as defined by the Act, and therefore not pensionable, by the express negation of Section 12. In such a case, there is no appeal provided for, and the Appeal Board is consequently without jurisdiction.

Now, the Committee will see that that is not altogether on all fours with the Ouellette case, but it seems to me that the same principle of construction is involved. In both cases, it was unnecessary to consider—I am putting it now upon the basis of the Pension Board's finding—it was unnecessary to consider whether the injury or disease was suffered or aggravated during service.

By Mr. Adshead:

Q. Unnecessary?—A. It was unnecessary. Therefore, there was no point upon which to go to the Federal Appeal Board.

Q. Why was it unnecessary?—A. Because the Board of Pension Commissioners, upon the record and evidence before it, had found that this man was suffering from error of refraction, and as the case was put to me at the time, that was said to be a disease or a disability which must have been congenital. Now, if upon that evidence and record the Federal Appeal Board had decided that it was not a congenital condition, but was incurred during war service, they would have been quite within their powers. The only respect in which I think they departed from their powers was that they did not deal with the case on the evidence and record before the Board of Pension Commissioners, but purported to hear evidence in addition to or outside of that record. I am speaking from recollection.

MR. CLARK: Mr. Chairman, so that Mr. Edwards may not be in error, I think he ought to know that the members of the Federal Appeal Board have stated very emphatically that they did not hear new evidence in that case, but that they took the evidence and only the evidence that was before the Board of Pension Commissioners. True, they were advised on that evidence by their

own doctors, by expert opinion, but they say emphatically that they did not hear new evidence. If they had, I think we would have been in complete agreement. I do not think we could differ at all from the result because there is no room for doubt that under the Act they cannot take new evidence.

WITNESS: On that point, that involves the meaning of the expression "evidence and record".

Mr. CLARK: Yes, that is what we want to get at.

Mr. THORSON: I must confess that I cannot see that the Smith case is of any assistance whatever in forming an opinion, but we would like your interpretation of the words "evidence and record" as contained in Section 51.

WITNESS: Yes. Well, my impression with regard to that was that the Federal Appeal Board is not a court in the ordinary sense; that it is a Commission appointed by the Government to deal with applications for pension; that on each application they make such inquiries and take such advice and consult such experts and generally acquire such information and evidence—using it in the popular sense—to enable them to make some finding as to whether this application should be granted or not. Consequently, if the Board of Pension Commissioners had consulted medical opinion on points of that kind, and had based their decision upon the advice that they got, I would say that advice was part of the evidence and record upon which they reached their conclusion; and that if the Federal Appeal Board could ascertain from that advice that he was suffering from a war disability, they were quite within their powers to so find.

Mr. THORSON: As I understood it, there were several conflicting diagnoses on the soldier's file, as regards the ailment which Ouellette was suffering from; and that the Federal Appeal Board, having regard to all the evidence that was actually on the file, consulted their own medical advisers, who interpreted that medical evidence for them, and came to the decision that the man was suffering from optic atrophy, and that they held that the optic atrophy was attributable to war service. Now, I should like to know whether there is any special interpretation given by your department to the word "record" as contained in Section 51. The words "evidence and record" are used together; therefore, they must be mutually exclusive, I imagine.

By Mr. Thorson:

Q. Now, what is meant by "evidence?" And what is meant by "record" as used in Section 51 of the Pensions Act, in your opinion?—A. We were never asked for an opinion on that.

Q. You have not considered your opinion in view of the possible distinction that there might be in the legal interpretation of those two words "evidence and record" as used in Section 51?—A. I gave it all the consideration I thought necessary, in the Ouellette case, but we have never been asked for any opinion on that generally.

Q. Then you placed your opinion on the basis that the Federal Appeal Board had taken new evidence in the Ouellette case, and that it was not open to them to do so?—A. I certainly was under the impression that they had added to the record at the time they disposed of the case; that they had made a record of their own.

Q. May I pursue that a little further. Supposing you had conflicting diagnoses on the soldier's file; the Board of Pension Commissioners dealt with the case on the basis of one of those diagnoses and found that that particular ailment was not attributable to war service. Then it goes to the Federal Appeal Board. The Federal Appeal Board is of the opinion that the statement of facts sent to them would indicate that another diagnosis would be the

[Mr. W. S. Edwards.]

proper one, and they agree upon that diagnosis, and they find that that particular ailment is attributable to war service. Would the Federal Appeal Board be within its jurisdiction in so finding?—A. Yes, if it confined itself to the evidence and record that came up before the Board of Pension Commissioners.

Q. So, it is open to the Federal Appeal Board, according to the opinion which you now give, if the facts stated on the soldier's file defined a different diagnosis from that accepted by the Board of Pension Commissioners, to depart from the diagnosis depended upon by the Board of Pension Commissioners?—A. I think if you had a conflict of medical evidence before the Board of Pension Commissioners, one set of doctors saying that he had one disability, and the other the other, that—

Q. It would be open to the Federal Appeal Board to reverse the finding of the Board of Pension Commissioners on that point?—A. Well, I would not be prepared to go so far as that; because you see you still get back to the difficulty about the limited nature of the Federal Appeal Board's powers. They can only deal with evidence which has to do with the question of whether it was incurred on military service.

Q. That is what I am getting at. Does the word "evidence", as used in Section 51, refer only to evidence on the question of attributability to war service?—A. Yes, that was our opinion.

Q. Then what does the word "record" mean?—A. Well, I always thought the words "record" and "evidence" were interchangeable.

Q. They cannot be interchangeable because those two words are used in the Statute, and they must mean different things?

Mr. McPHERSON: I do not think so, Mr. Thorson.

WITNESS: You see, you have this: (indicating the file). Here is the "record" that was before my department.

Mr. THORSON: You must assume that the legislature used two different words to express two different ideas.

Mr. McPHERSON: If you left out either one of these two words, would the evidence before the Appeal Board be complete. The evidence and the record are the same thing. The record includes the evidence.

Mr. THORSON: No, that is what I am trying to get at.

The CHAIRMAN: If you said "record" you would probably be nearer the mark than if you said "evidence."

Mr. McPHERSON: "The record" would be the proper term, I think.

Mr. THORSON: "Record" may have a special meaning there, and I was wondering if Mr. Edwards had taken that into consideration.

WITNESS: I would take that (indicating the file) to be our record, and on that record there may be certain documents which constitute evidence. A great deal of the record may not be evidence; it may be inter-departmental correspondence, which does not amount to evidence. And, Parliament uses that expression as a general term to describe the record and evidence before the Board.

By Mr. Thorson:

Q. I made the suggestion the other day,—I may be quite wrong on that, and I would like to get your viewpoint—that the word "record" as used in Section 51 might be confined to the formal judgment of the Board of Pension Commissioners. I may be absolutely wrong on that?—A. No, I did not mean that at all; I meant that they could take the whole record of the Board of

(Mr. W. S. Edwards.)

Pension Commissioners and look at it. In so far as that record deals with the question as to whether the injury was incurred and suffered during military service, they could go into that.

Q. To clear up that point, Mr. Edwards; you do not think that the word "record" should be restricted in its meaning to the formal judgment of the Board of Pension Commissioners; you think it has a much wider significance?—A. Yes.

Q. And that it is interchangeable with "evidence"?—A. That is my opinion.

By Mr. Ilsley:

Q. Have you considered the effect of Section 8 on your opinion?—A. Is that the same in the new Act?

Q. You see, Colonel Belton's argument is that subsections 2 and 3 show—or subsection 8 of 51, I should have said, and subsections 2 and 3—they seem to assume that the Board of Pension Commissioners may arrive at one medical classification, and the Federal Appeal Board may arrive at another medical classification under the Act. In other words, they may change the diagnosis. The argument seems to be very strong on that section?—A. In what respect, Mr. Ilsley, do you think that that has a bearing on it?

Q. Well, subsection 2 says that in any judgment they may render, they shall state the medical classification of the injury or disease causing the disability in respect of which the appeal has been made. In this case, it was undoubtedly the optic neuritis. Their answer to that was the optic neuritis—or, no, the error of refraction. Next, they shall state, subsection (iii) "the medical classification of the injury or disease causing the disability in respect of which the appeal is allowed." Their answer to that would be "optic neuritis." Now, they may do that under subsection 8 of section 51.—A. But how does that add to the jurisdiction? This says that they must state certain things in their judgment, but in what respect does that add to their jurisdiction? The section does not purport to add to their jurisdiction in any way.

Q. Not directly, but by implication. If they may allow the appeal and state that they are allowing it in respect of, and under the subsection there; that they are allowing it in respect of optic neuritis, and immediately before they have stated that the appeal was admitted in respect of error of refraction, there is a clear implication that they may change the medical classification, which is the same as the diagnosis?—A. I should think that that would simply amount to this: If they stated these several medical classifications, to show that they dealt with it upon a different footing than the Board of Pension Commissioners, it would appear on their judgment that they had exceeded their jurisdiction.

Q. The section of the Act never contemplated that they would exceed their jurisdiction. I would submit that the section never contemplated that the information they were directed to give in their judgment is for the purpose of showing whether they exceeded their jurisdiction or not. It is assumed in the legislation that they will not exceed their jurisdiction, and it is also assumed in the legislation that they may change the diagnosis. For that reason I think the argument is very strong.—A. Have you got a copy of this section as it stood in 1924?

Mr. McPHERSON: All the special clauses, that they have there, appear to give them power to change the diagnoses, provided they do it on the evidence which they are considering.

Mr. THORSON: That is the argument Mr. Ilsley is making.

Mr. McPHERSON: There is no conflict there.

Mr. MacLAREN: What does the witness say; does he agree to it?

[Mr. W. S. Edwards.]

The CHAIRMAN: He does not quite agree to it in its entirety.

Mr. ADSHEAD: He is being convinced.

By Mr. MacLaren:

Q. If the Federal Appeal Board confines itself to the evidence and record that it has submitted to it, has the Appeal Board the right to change the diagnosis, if they consider the evidence and the record, as submitted to it, warrant the change?—A. I thought you were talking to the Chairman, I am very sorry.

Q. I just wanted to be quite clear on that point. In the case of the evidence and record being submitted to the Appeal Board, and no new evidence having been admitted, has the Appeal Board the right, if they see fit, and think they need, to change the diagnosis, on the grounds of the evidence contained in the records as submitted to them, to differ from the diagnosis as made by the Pension Board?—A. I have always entertained the opinion that they should not change the diagnosis.

Q. They could not change the diagnosis?—A. No.

Mr. ARTHURS: What power could they have? What is the use of the Appeal Board?

By Mr. Thorson:

Q. Upon what section, what portion of section 51, do you base that opinion?—A. Section 51, sub-section 1.

Q. Upon just what words of that section do you base that opinion?—A. Well, that is just going over the ground again in the Ouellette case.

Q. Your opinion is that the substantive jurisdiction of the Board is contained in sub-section 1, of section 51?—A. I think I explained to the Committee that, in my judgment, Parliament had created the Federal Appeal Board with a certain limited jurisdiction. That jurisdiction was to pass upon questions of whether the disability in question, or the injury or disease causing the disability, was attributable to war service. The record taken before the Board of Pension Commissioners, in which everything else is admitted, says, "we admit the disease; we admit the disability, but we say that was not attributable to war service." Then there is an appeal to the Federal Appeal Board, and in any other case it would seem to be quite plain, in the face of section 51.

Q. I am not just sure of that, because the soldier appeals on the ground of injury or disease that he has, or aggravation resulting therefrom. He appeals on that, and refusal to grant a pension is made by the Board of Pension Commissioners. Does that not leave the question, as to what the disease or disability is, open to review by the Federal Appeal Board?—A. You are touching the very question which led it to be submitted to the Justice Department for an opinion. We gave our opinion, and we think it is right, but it is a highly debatable point. There is not a lawyer in the country who would not admit that it is highly debatable, and other lawyers may take different views of it. If you went to the Supreme Court about it, they might over-rule it.

Q. It is a moot point?—A. Absolutely, yes; it is quite a nice point.

By Mr. Clark:

Q. Would you consider the diagnosis of a doctor, who reported for the Board of Pension Commissioners, evidence?—A. Within the meaning of the statute, I think I would have to consider that evidence.

Q. And if there were five diagnoses, which diagnoses would be part of the evidence; and if each of these diagnoses differed from the other, it would be within the duty of the Board of Pension Commissioners to determine the correct diagnoses, would it not?—A. Yes.

[Mr. W. S. Edwards.]

Q. That would be simply determining the weight of evidence, would it not?
—A. Yes, on the question of injury or disease.

Q. The same evidence that was before the Board of Pension Commissioners, comes before the Federal Appeal Board?—A. Yes.

Q. Do you suggest that the Federal Appeal Board is bound by the conclusion arrived at by the Board of Pension Commissioners, that they are bound to take that conclusion, despite the fact that there are conflicting opinions?—A. Yes.

Q. They are bound to do that?—A. Yes.

Q. That is, the Federal Appeal Board, so far as the evidence of the doctors is concerned, has no jurisdiction whatever in determining the nature of the disease?—A. No.

Q. Do you agree with that?—A. Yes.

Q. They have no jurisdiction whatever? In other words, they have no right to weight the evidence of the doctors?—A. No.

Q. Then, why are they given doctors to advise them, if they must accept the conclusion arrived at by the Board of Pension Commissioners?

Mr. THORSON: On the question of attributability.

The WITNESS: You mean, why are doctors appointed to the Board?

By Mr. Clark:

Q. Yes?—A. There are no medical advisers.

Q. I understand there are medical advisers, quite apart from the members of the Board. They have doctors who advise them on the medical evidence that was before the Board of Pension Commissioners?—A. I did not know that. I knew there were medical members on the Board.

Mr. CLARK: Perhaps we had better clear that up right now. Col Belton, is that not correct?

Col. BELTON: That is correct. How otherwise, are the lay members to deal with medical questions?

By Mr. Clark:

Q. I think the point the Committee wants cleared up now is the provision in the Act which prohibits the Federal Appeal Board from weighing the evidence of the doctors given before the Board of Pension Commissioners.

The CHAIRMAN: If it is on the record.

The WITNESS: That is coming back again to the point as to whether the Board of Pension Commissioners, having disposed of the case upon the question of diagnosis, and, thereby, never having dealt with the question of attributability, you can see that there is an appeal on the ground that they had given their decision on the ground that there was not attributability.

By Mr. Clark:

Q. We want to know the provision in the Act which enables you to arrive at that conclusion?—A. Section 51, only.

Q. Would you read us the clause which enables you to arrive at the conclusion that the Federal Appeal Board has no right to weigh conflicting evidence of the doctors who diagnosed the case?—A. The case is entirely open to them, where the pension has been refused on the ground that it was not attributable to military service. Where the Board of Pension Commissioners have never considered that feature of it at all, because they have been able to dispose of the case upon some ground apart altogether from attributability, then I say that the question, for which Parliament appointed the Federal Appeal Board, is not raised. The matter has been disposed of on another ground. It was like the Smith case. The man suffered his injury on war service, all right, but

(Mr. W. S. Edwards.)

Mr. Newcombe said, "they have disposed of this upon the ground of misconduct, therefore, the question of military service does not arise at all. Therefore, you cannot go to the Federal Appeal Board."

Q. Let us take a concrete case. We have a case before the Board of Pension Commissioners. There have been five doctors; two of the doctors diagnosed the man's trouble as tuberculosis, totally disabled; three of the doctors find that he had a shrapnel wound in the head and is suffering from some mental trouble directly attributable to the war. The Board of Pension Commissioners, however, diagnosed the case as tuberculosis, and not attributable to the war. This is just an extreme case I am giving you. It goes to the Federal Appeal Board, diagnosed as tuberculosis, but they, on the evidence of the three doctors who diagnosed the case, say, "No, this man is suffering from a shrapnel wound in the head, and is suffering from mental trouble directly attributable to the war." You say the Federal Appeal Board could not do that?—A. Yes, that is the very thing that makes it debatable. It is a very persuasive argument, and we were quite aware of it at the time we dealt with the case.

By Mr. Arthurs:

Q. In this case under discussion the sole question lies on the diagnosis, or the attributability, and in this case they are one and the same thing. The attributability depends entirely on the diagnosis. What would you say in a case of that kind?—A. That is just the same point again. The question is whether the Board of Pension Commissioners are made the sole judges on the question of diagnosis. We thought they were. You only get into the field of attributability after the question of diagnosis has been determined. You cannot go to the Federal Appeal Board on that.

By Mr. Thorson:

Q. I think that the question that Mr. Arthurs has raised is pertinent; the question of injury or disease, or aggravation, is so closely tied up with the question of attributability. May I just put it in this way, and leave it with you for consideration? A soldier is given a pension for an injury or disease, if it is attributable to war service. Now, if the Pension Board refuses the pension, then the soldier, under subsection 1 of section 51, is given an appeal on the question of injury or disease attributable to war service. The Board of Pension Commissioners, therefore, when they consider the case have to determine two facts. They have to determine the nature of the injury or disease, that is one fact. Then they have to determine another fact, whether that injury or disease was or was not attributable to war service.

Now, they have the power to determine these two facts. Since the soldier has the right to appeal for an injury or disease attributable to war service, why should not the Federal Appeal Board have jurisdiction to determine the same two facts which the Board of Pension Commissioners have the right to determine, because the appeal of the soldier is from a refusal of the Board of Pension Commissioners to grant a pension for a disease or injury from which he is suffering.

The CHAIRMAN: He does not care what you call it.

Mr. THORSON: He does not care what you call it.

By Mr. Thorson:

Q. Have I made my point clear?—A. Absolutely. I have fully in mind what you mean.

Q. I am dealing mainly with the last three lines of subsection 1.—A. It is just an elaboration of what is the point in that case.

[Mr. W. S. Edwards.]

Mr. ILSLEY: I think we all understand that. I think the whole question is that we should not leave it so that there is this moot point in that section. I think the amendment of the Department makes it clear that they can change the classification.

Mr. THORSON: I think Mr. Edwards has satisfied us that it is a very moot point, and should be cleared up by legislation.

The WITNESS: I was going to say that the arguments you were just making, struck me as good argument in favour of changing the law if parliament wants to change it. You still have not convinced me that we were wrong in our conclusions, because in the Department the mental approach we have to these cases is that we want to carry out the evident intent of parliament, and where parliament has granted an appeal board with limited jurisdiction, we do not want to allow opinions to go out which will extend that jurisdiction beyond the point that parliament intended it should have. We may look at it somewhat strictly, but the point we have in view is to keep within the bounds of parliamentary direction.

By Mr. Black (Yukon):

Q. What class of evidence do you consider diagnosis to be? Is it not expert evidence?—A. Yes.

Q. Is it not the evidence of specialists?—A. Yes.

By Mr. Thorson:

Q. It is opinion evidence?—A. It is opinion evidence.

By Mr. Black (Yukon):

Q. You have the evidence of a number of expert witnesses who have diagnosed the case for the Board of Pension Commissioners. The diagnosis or evidence or opinion—whatever you choose to call it—of some of them indicates that the disability is attributable to war service; the opinion or diagnosis of others indicates that it was not attributable to war service, and the Board of Pension Commissioners choose to accept the evidence or opinion of those who indicate it is not attributable to war service. Do you mean to say that the Appeal Board is bound by that evidence, and, that it cannot take the conflicting evidence and give its decision accordingly?—A. I think it would necessarily follow from our conclusions at the time I dealt with the Ouellette case—speaking only from recollection—

Q. I would like you to answer my concrete question.—A. It is the same question over again.

Q. Even so: is it your answer that the Appeal Board cannot take the evidence of one as against the other?—A. On the question of medical classification?

Q. Yes.—A. Except the principle of construction contended for by learned members of the Committee, I do not see anything in the Act which gives them power to go into medical classification.

Q. Do you see anything in the Act to prevent the Appeal Board from choosing to accept the evidence of one witness as against the evidence of another?—A. In regard to the same injury?

Q. Yes.—A. I have always admitted they could do that.

Q. They can do that?—A. Yes. They can say that the injury from which the man is suffering is one which commenced during war service or was aggravated during war service, or they can say it was not, but the case we are dealing with here was where that question was never raised at all as before the Board of Pension Commissioners, because on their evidence and record the man was suffering from an injury which had no relation to the war, and the point was not debatable.

[Mr. W. S. Edwards.]

By Mr. Thorson:

Q. Your opinion is that the jurisdiction of the Federal Appeal Board is confined to determining questions of attributability?—A. Yes.

By Mr. Black (Yukon):

Q. Which is determined on evidence.

Mr. THORSON: Naturally.

The WITNESS: Evidence before the Board of Pension Commissioners.

By Mr. Black (Yukon):

Q. I am not suggesting that the Appeal Board——A. You are just going over the same point again.

Q. I am not suggesting that the Appeal Board take new evidence, although I think in the Ouellette case they did. I think they took evidence which was not before the Board of Pension Commissioners at all, when they took the evidence of their own medical advisers, which the Board of Pension Commissioners did not have, and I think they had no right to take it, and had no right to give it effect as against the evidence which was before the Board of Pension Commissioners. If the Board of Pension Commissioners had the evidence of the medical adviser of the Appeal Board submitted back to them and had given their decision accordingly, the decision might have been regular, but in that case I think the Appeal Board acted beyond its jurisdiction for the reason that they took the evidence of their medical adviser, which was not before the Board of Pension Commissioners, and which they had no right to take.

The CHAIRMAN: Does the Committee thoroughly understand the point in debate? I think the Committee will agree that we should endeavour by legislation to change the present practice, and it will then be all right.

Mr. ROSS (Kingston): Before Mr. Edwards leaves, may I refer him to clause 2 of section 52, at page 26?

By Mr. Ross (Kingston):

Q. Now, Mr. Edwards, if the Appeal Board has not the power to hear any matter pertaining to pensions, how can they delegate that power to somebody else?

Mr. BLACK (Yukon): That certainly conflicts with subsection 1.

Mr. ROSS (Kingston): I want to know if this Act is a joke.

The WITNESS: I see the point all right.

Mr. ROSS (Kingston): This makes the third conflicting point.

The WITNESS: What is your suggestion of the kind of evidence they could take under this? It says:

2. The Federal Appeal Board shall have power to appoint a person or persons to hear and receive evidence with respect to any matter pertaining to pensions, and such person or persons shall have authority to administer oaths and to hear and receive evidence under oath and to take affidavits in any part of Canada.

Mr. ROSS (Kingston): How have they the power to appoint any person to hear matters pertaining to pensions?

Mr. THORSON: Their appellate jurisdiction is still under section 51.

The WITNESS: They cannot go outside of their jurisdiction. These powers are given them to enable to exercise their jurisdiction.

Mr. ROSS (Kingston): Who put in the word "any"?

[Mr. W. S. Edwards.]

Mr. McPHERSON: It has been suggested they have no jurisdiction to take any evidence, under section 51, and section 52 says that they can appoint another to take evidence.

Mr. ARTHURS: Section 52 apparently defines the powers of the Board.

Mr. THORSON: Within its jurisdiction.

Mr. ARTHURS: It does not say subject to anything before that.

Mr. CLARK: There is another point which I think we might leave with Mr. Edwards for consideration, and upon which he might give us an opinion. It is this: an appeal shall lie upon the evidence and records before the Board of Pension Commissioners. That is perfectly clear. There is nothing else you could have upon which to base your appeal, but does section 52 not give the Board of Appeal power, as I think is given to courts of appeal in law, to hear additional evidence in their direction?

The WITNESS: You know there is a Bill before the House now—I think it has passed the House this session—giving express power to the Supreme Court of Canada to take evidence, because it was not thought they had that power without special enactment. I understand on this question of section 52 that the Federal Appeal Board has been given some functions to perform outside of this Act. My recollection is that there were some order in council passed which authorized them to deal with cases outside the question we are discussing altogether, and it may be that section 52 was put in to enable them to function in that way.

By Mr. Thorson:

Q. For instance, they assess disabilities in the cases of Imperials?—A. Yes.

By Mr. Clark:

Q. This is a general section which certainly relates to all the preceding sections of the Act and it gives the Federal Appeal Board all the powers and authority of a commissioner appointed under part 1 of the Inquiries Act. Certainly a Commissioner under the Inquiries Act has the widest sort of power to take and hear evidence. In addition to that they may delegate their authority and appoint one of their own number, or any one else, to take evidence on their behalf, and surely if they have the power to take evidence it must relate to appeals which come before them, because the hearing of appeals is their main function. So far as I can see, under section 51, it is their whole function.—A. The difficulty there, General (Mr. Clark), is that you are building up an argument by inference in one section as against an expressed provision in the other.

Q. The only thing expressed about section 51 is that in the preparing of your appeal, as in all appeals, you must base it upon the evidence and record of the case in the court below, and it must be based on that, and it is prohibited, so far as I can see, offhand at least, from taking new evidence. But section 52 comes along and expressly authorizes the Federal Appeal Board to hear new evidence. I think that is certainly worthy of consideration.

The CHAIRMAN: On any matters pertaining to pension?

Mr. CLARK: Yes.

The CHAIRMAN: Surely diagnosis pertains to pension?

Mr. CLARK: Surely.

Mr. THORSON: I think we should ask Mr. Edwards what he considers to be the meaning of section 52.

The WITNESS: I can tell the Committee now that we would never commit ourselves to the view that the giving of power to take evidence will enlarge the jurisdiction of any body.

[Mr. W. S. Edwards.]

By Mr. Black (Yukon):

Q. Is it not a fact that section 52 may be a surplus?—A. It may be.

Q. It does not in any respect broaden the powers of the Appeal Board under section 51?—A. No.

Mr. McPHERSON: I think statutory laws are not for the purpose of making surpluses; they must mean something.

Mr. BLACK (Yukon): Yes.

Mr. THORSON: That is why I think "evidence" and "record" must mean different things.

Mr. ADSHEAD: May I ask a question relative to another section of this Act—in connection with section 7—and the powers of the Board of Pension Commissioners?

The CHAIRMAN: Certainly.

By Mr. Adshead:

Q. You are fully conversant with that section, Mr. Edwards, giving the Board of Pension Commissioners full power and authority to deal with all matters pertaining to pensions and so forth? The question I want to ask is this: here is a soldier who has a pension. He comes before the Board of Pension Commissioners and they decide that he ought not to have a pension. Is it compulsory upon the Board of Pension Commissioners to cancel that pension immediately, or is it within their powers to extend it, to give that man a chance to appeal it? Is it compulsory that it must take effect at once?—A. I should think if the Board discovered that someone was in receipt of a pension to which he was not entitled under the law, it would be their duty to the public to stop payment of the pension and try to recover the overpayment.

Q. But surely you would give the man a chance?

The CHAIRMAN: There are provisions in regard to warning. All that is covered by the Act.

By Mr. MacLaren:

Q. In the Ouellette case the diagnosis, the original diagnosis was neuritis, which was accepted by the Board of Pension Commissioners?—A. Yes.

Q. And it was acted upon by the Pension Board?—A. Yes.

Q. And pension was paid for four years?—A. Yes.

Q. Do you suggest that the Board of Pension Commissioners should proceed now to recover the amount?—A. I did not know that the member was talking about the Ouellette case. He put the question generally. He put a case where the pension had been improperly granted. We have had a great many cases in the Department where people have obtained pensions who were not entitled to them, and prompt steps were taken to try and recover the amount.

Q. Are you aware that Ouellette obtained his pension for three or four years?—A. That was not put before me, not that I remember.

By Mr. Adshead:

Q. Here is a man acting in good faith, who has received a pension; I am not dealing now with the Ouellette case entirely. After the man was discharged, he would come up for examination, year after year, and be granted a pension. All at once, five or six years afterwards, on account of discoveries by one medical man, you decide that he is not entitled to a pension. Do you immediately cut off the pension and not give him a chance to defend himself before you cut him off?—A. That is not a legal question.

[Mr. W. S. Edwards.]

The CHAIRMAN: Mr. Edwards came here to give an analysis of the evidence in the Ouellette case. I do not think we should ask him any other questions, that is, along this line. We can ask the Pension Board about that.

Mr. MACPHERSON: If Section No. 52 had been Section 50, there would not have been a shadow of doubt as to what would have happened, because the next clause would have read: "upon the evidence and record." But having been put in afterwards has been lost track of.

The CHAIRMAN: Are we through with Mr. Edwards? If so, we will ask the members of the Pension Board and the Appeal Board to come up and tell us all about it. I understand these gentlemen have come to some conclusion, which has been drafted, and I will ask them to now read it to the Committee.

Witness retired.

Col. BELTON, Dr. KEE and Col. TOPP recalled.

Mr. THORSON: Have they agreed?

The CHAIRMAN: They have agreed. Where does it come, in the Act?

Col. TOPP: Section 51, Subsection 6.

The CHAIRMAN: It is new legislation to be added to Section 51, to be called 51(b). (Reads):

That, if the medical classification of the injury or disease resulting in disability or death in respect of which a claim has been refused by the Commission is considered by the Board to be in error the Board shall before issuing judgment communicate in writing to the Commission its reasons in respect to the proposed change of medical classification. A conference of the Commission and the Board shall then be convened to arrive at a medical classification acceptable to both. Unless a medical classification acceptable to both is arrived at the Deputy Minister of the Department of National Health and Veterans' Welfare shall act as an arbitrator with an appointee of the Board and an appointee of the Commission to determine the medical classification to be acted upon by the Commission in rendering its decision. If the decision of the Commission is adverse to the applicant the Board shall give the appeal such further consideration as it may deem necessary and issue its judgment on the established medical classification, such judgment to be final and binding upon the applicant and upon the Commission.

Mr. THORSON: Who drew this up?

Mr. MACPHERSON: We had better not know.

By the Chairman:

Q. Will you explain this, Doctor Kee?—A. The Board of Pension Commissioners first take a diagnosis, and make a decision upon it. It goes to the Federal Appeal Board in the usual way. The Federal Appeal Board decide that the diagnosis is not correct. Instead of issuing their judgment on another diagnosis, they communicate with us to the effect that they do not agree with our diagnosis. We then get together (that is, both Boards) and say we will try to agree upon a diagnosis. If we cannot get them to accept ours, they may get us to accept theirs, and we will come to a new decision, and the appeal goes on. If we do not agree, we appoint a man, they appoint a man, and the Deputy Minister of the Department is the third man. They adopt a diagnosis, and we start from the first again.

By Mr. Adshead:

Q. You both agree upon a diagnosis then?—A. Yes.

By the Chairman:

Q. What happens after the decision of the arbitrator, the Deputy Minister, is given; what happens then?—A. Both are bound by that diagnosis.

Q. The only question they have to determine, is the question of attributability?—A. Yes.

By Mr. Arthurs:

Q. That is involved in this case?—A. Yes. These are suggestions we have written down ourselves for submission to this Committee.

Q. Have you copies of it?—A. We can have copies made.

Colonel BELTON: It first emanated from the Minister. We simply change what you had before you the other day so that it will be satisfactory to the Board of Pension Commissioners.

By the Chairman:

Q. What is the provision for bringing about the conference?

Dr. KEE: It says a conference shall be convened.

Q. But by whom?—A. If either side refuses to come, the Deputy Minister can say.

By Mr. Thorson:

Q. I think we had better have something there saying who shall convene them, some specific person.

Mr. MCPHERSON: There should be a time limit, that a conference shall be held within thirty days, or one week, or ten days.

Colonel BELTON: It is desirable to leave a certain amount of time for such other examinations as the Board of Pension Commissioners may desire to make of the man; there must be a reasonable time to get the man there. They brought Ouellette from Quebec to Montreal, to have a certain man examine him.

Mr. MCPHERSON: If it was intended to do that, why the necessity for that? You are going to meet to discuss the evidence, or the diagnosis you have. If you agree, nothing further is required, but if you do not agree, you will have to get together and hear further evidence.

Colonel BELTON: I think we might agree to have a further examination. The Board of Pension Commissioners would immediately in the case of Ouellette have suggested such further examination, and possibly the Appeal Board would have had a still further examination, which would have been acquiesced in by the Board of Pension Commissioners.

Mr. ILSLEY: The only difference between that and the Act is that the party finding the diagnosis under the department's amendment is the Federal Appeal Board, and under this it is the Commission. That is about the only difference.

The CHAIRMAN: "The Deputy Minister of the Department of National Health and Veterans' Welfare shall act." That may have some relation to it, because you cannot ask a Deputy Minister, with all the work he has to do, to personally attend every meeting of the Board of Arbitration. You might say "his appointee". It does not make any difference, but I think it should be made quite clear.

Mr. THORSON: There might be a suggestion that in case of conflict a specific person should convene a meeting of the two boards.

Col. BELTON: This alone will not bring up these cases that are in dispute. This alone will not bring back the Ouellette case.

Mr. THORSON: That is a problem by itself.

[Col. Belton.]

The CHAIRMAN: That case has been adjudged now. I think the opinion of a great many of the lawyers here is that the opinion of the Deputy Minister of Justice is not correct, and they might advise to have this case taken before the Courts for decision.

Mr. ADSHEAD: In the meantime, the man has no pension.

The CHAIRMAN: You have some questions to ask of Colonel Belton, I understand, Mr. Thorson.

Mr. THORSON: I asked for the figures on appeals which have been allowed and disallowed by provinces. Have you those figures, Colonel Belton?

The CHAIRMAN: Mr. Adshead has been wanting to ask Dr. Kee a question for a couple of days.

By Mr. Adshead:

Q. Dr. Kee, in connection with a case, not simply the Ouellette case, but where a soldier has had a pension and it was not obtained by fraud, upon the evidence you decide that he should not have a pension, and you cut that pension off immediately, do you?—A. Yes, when we have made up our minds he should not have it.

Q. You do not give him a chance to bring any further evidence before you before it is cut off? Is it not mandatory that you should do so, under Section 7?—A. We have had a case of pension, where a man had a boy, at \$700 a year to lead him around.

Q. That was a fraud?—A. That was a fraud.

Q. But I am discussing the case of a soldier, where military men had said he was entitled to a pension. The pension went on for a number of years, and then you decide that he should not have a pension, and you cut it off immediately. If he goes to the Appeal Board and wins the appeal, his pension is put back again, but how is he to live in the meantime?—A. I see your point.

Q. Is there any method of warning the soldier, in any way?—A. In cases of doubt we might suspend the pension until we got further reports.

The CHAIRMAN: Mr. Paton can clear up that question of procedure.

By Mr. Adshead:

Q. I would like to have it cleared up; does the Act make it compulsory, Dr. Kee, or is it within your power, if you see fit?—A. It is within our power, if we think there is any doubt.

Q. So that you can give him an opportunity, if you think there is any chance on an appeal?—A. Yes.

Q. Do you ever do that?—A. Yes, often.

By Mr. Thorson:

Q. I was asking Colonel Belton for the figures on appeals which have been allowed and disallowed.

Col. BELTON: You were asking for a result of the hearings by districts. I have before me these figures: Halifax, allowed 60, disallowed 226, settled by the Board of Pension Commissioners before judgment 9, judgments outstanding 8, a total of 303.

St. John: Allowed 36; disallowed 125; settled by the Board of Pension Commissioners before judgment 1; judgments outstanding 9; total 171.

Charlottetown: Allowed 19; disallowed 36; judgments outstanding 2; total 57.

Quebec: Allowed 15; disallowed 63; judgments outstanding 5; total 83.

[Dr. Kee.]

By Mr. MacLaren:

Q. I had this in my mind at that time. You have had considerable experience. Have you any special suggestions to make to the Committee in the way of improvements in the procedure on Pensions? That was my idea at the time. We may have reached some of them already?—A. I do desire, and everyone desires—the Board of Pension Commissioners as well as our Board—to definitely understand the limit of the powers that we have. In the cases of these eight or nine people who received allowances from our Board when the cases were allowed before the questions of jurisdiction came up, by reason of the Department's decision, they are not followed up. We would both like to have those matters cleared up. This matter of diagnosis may not cover all of those cases. But, you will soon learn what the limitation is, and make it definite how far this Committee will go.

By the Chairman:

Q. How far would you go?—A. I would go this far, that all questions of entitlement may be submitted to appeal.

By Mr. Thorson:

Q. You have that power now, Colonel Belton?—A. Then the limitation of this diagnosis business to protect the Board of Pension Commissioners—and I think that it is not an unreasonable thing at all to protect them in that way. If I may interpolate this question of that fellow that died of supposed indigestion, if they feel that they have to accept that, why they have to accept it; but if they disagree, and the matter is discussed generally, it would make them look ridiculous because no one ever dies of acute indigestion.

The CHAIRMAN: I do not think we need discuss that question of diagnosis any more; we have heard it for a week. Anything else in regard to your jurisdiction though.

Mr. THORSON: There are two questions I think we ought to have Colonel Belton's opinion on: First of all, there is a suggestion made that the jurisdiction of the Federal Appeal Board should be enlarged to cover an appeal from every decision affecting pensions given by the Board of Pension Commissioners. Now, I think that is something that is of great importance. That suggestion has been made by the Legion, and by other organizations, that there should be an appeal to the Federal Appeal Board on every decision made by the Board of Pension Commissioners on pensions, both on entitlement, on assessment, and on matters of discretion such as misconduct and the like.

Mr. ILSLEY: And on new evidence if they wish.

Mr. THORSON: And that the Federal Appeal Board should be a court hearing the case de novo.

Col. BELTON: I think that would be a tremendous "or". I do not think I am in a position to advise about that without giving it very long consideration. I do not think it should be taken up at all unless it is given that consideration and study for a long time.

Mr. THORSON: Naturally.

Col. BELTON: I think our Board might assist in that, going about the country, that it might be given certain powers, to make certain inquiries that would assist in making out those conclusions. I feel that to open up all the questions of assessment, the whole question of assessment, would cost the country an enormous amount of money without adequate return. It would be a tremendous task. But, if you were to go into that to any extent, it should be given study, and thought, so that you would not build up another organization as big

[Col. Belton.]

as the Board of Pension Commissioners is at present. Spend the money on the soldier; don't spend it on officials.

By Mr. Thorson:

Q. Would you be reluctant then to have the question of appeals on assessment come to the Federal Appeal Board, Col. Belton?—A. Yes, in its wide extent. Perhaps in the narrow extent there may be cases that the Board of Pension Commissioners would be delighted to have turned over to the Federal Appeal Board.

Q. Can you make any suggestions as to a distinction that might be drawn between cases involving the question of assessment, that perhaps in some classes of cases there might be an appeal on the question of assessment, and in other classes of cases, there ought not to be?—A. Well, of course, in any case, you could not go beyond final awards.

Q. What exactly do you mean by "final awards"?—A. Final awards such as they make in the Imperial service. They give an award, and that is the end of it; there is no come-back to it.

Q. May I just clear up that point, when you mention the word "Imperials"; you do deal with the assessments of the Imperials?—A. Yes, we have been doing work for the Imperials.

Q. You have machinery in your Department for considering the question of assessments to them?—A. To a very limited extent.

Q. Let me get the limit of that extent?—A. Those are final only, and the number is so immaterial that we are able to do it when we are travelling about, and doing our other work.

By the Chairman:

Q. Will you explain what you mean by "final"? There are two classes of pensions in England, final pensions, and what I think are called non-permanent?—A. If a man is placed on a final pension, he has no come-back under any circumstances. The question is settled.

Mr. ARTHURS: Would not that be beneficial here in some cases?

The CHAIRMAN: If he dies as a result of the disability, from which he gets pension, there is no increase. We have no such arrangement in this country.

Mr. THORSON: They cannot be either increased or decreased, even if the disability increases or decreases.

By the Chairman:

Q. Those appeals are appeals to our Federal Appeal Board, and those only. Will you make that clear, that it is only on final pensions that there is an appeal under an arrangement with the British Ministry of Pensions, and our Federal Appeal Board?—A. Yes, sir.

Q. And all the others, on assessment, you have no appeal?—A. On entitlement, we have not. We do not touch entitlement at all. It is assessment only, as regards finalities.

By Mr. Thorson:

Q. You do not touch the question of entitlement with the Imperials at all?—A. No.

Q. You merely touch the question of appeals on assessments?—A. On final assessments, yes.

Q. What do you think of the proposal to enlarge the jurisdiction of the Federal Appeal Board in those cases which involve the exercise of a discretion by the Board of Pension Commissioners, such as the cutting off of the pension for misconduct, and matters of that sort?—A. There would be an appeal in such a case as that, would there not?

Q. There is no appeal now on questions involving discretion on the part of the Board of Pension Commissioners?—A. Or misconduct. Do you mean dependents?

Q. There is a class of cases of which there are several illustrations throughout the Act; I cannot just point them out at the moment; where the Board of Pension Commissioners are called upon to exercise various kinds of discretion. In respect of all those cases at present there is no appeal. The suggestion has been made that jurisdiction should be conferred upon the Federal Appeal Board to review cases involving the exercise of discretion. What would you think of that proposed enlargement of the jurisdiction of the Board?—A. I would think that, if it is desired that we should take up those, we could take them up without any enlargement of our staff, or any greatly increased work. Moving about the country from time to time, we could take those matters up.

Q. You think that could be done without enlargement of the staff?—A. I would think so, yes.

Q. I understand from your evidence that you think that if the question of assessment were given to the Federal Appeal Board for review, that would enlarge the work of the Board?—A. It might, or might not, if it were studied out; that is, if the same medical officers in the field could be used—which, off-hand, I would say would be the better plan. That would prevent the building up of an outside staff. It all depends on the extent of it. If it were thrown wide open, yes, it would require a tremendous addition to the employees of this Board.

Mr. ILSLEY: Would Col. Belton deal with the proposed amendments of Section 21.

Mr. THORSON: Perhaps we could come to that now.

The CHAIRMAN: The proposed amendments to Section 21, the meritorious clauses; have you anything to say about that?

By Mr. Thorson:

Q. There have been three separate suggestions made for the revision of the meritorious service clause?—A. Yes.

Q. There have been three distinct suggestions made so far, for the revision of the machinery for hearing cases that come under the meritorious service clause. One suggestion was that the two boards should sit together, and not separately as they do now, and that the majority of the two Boards sitting together should prevail. The second suggestion, which came from the Department, was that there should be a special board, consisting of two representatives of the Federal Appeal Board, two representatives of the Board of Pension Commissioners, with the Deputy Minister, or his representative, as Chairman. The third suggestion was that applications under Section 21 should be made, in the first instance, to the Board of Pension Commissioners, and that there should be an appeal from that judgment to the Federal Appeal Board, and that the judgment of the Federal Appeal Board should then be final. Those three separate suggestions have been made as to the machinery for dealing with meritorious service cases?—A. Of those three, I think the last is the most desirable. I would like to add to that, that there should be some definition of "meritorious".

Q. I will come back to that point.—A. So that the Board of Pension Commissioners will approach the question in about the same spirit as the Appeal Board.

Q. Would you mind just confining your answers to the question of machinery, first, before discussing the question of what kind of cases should be dealt

[Col. Belton.]

with under this section? Deal, first of all, with the question of the machinery?—A. I thought that answer required some explanation.

Q. Then I would like to pursue the question with regard to the substantive portion of section 21?—A. Yes.

Q. Which of the three suggestions made, as to the machinery, do you think should be used?—A. That in which the Board of Pension Commissioners would first deal with the meritorious question, and that an appeal might be made to the Federal Appeal Board.

Q. You prefer that suggestion to the other two suggestions?—A. I think that that is much more satisfactory.

Q. Why do you say that?—A. Because, I think, in the great majority of cases, the matter would be settled by the Board of Pension Commissioners.

Q. You think that is better than the two Boards sitting together, and the majority to prevail?—A. I should think so. We have different viewpoints absolutely. We are not considering the question from the same viewpoint at all. We do not attempt to dominate them, and they cannot dominate us.

The CHAIRMAN: The trouble with section 21, as between the two Boards, is a legal interpretation. Colonel Belton's suggestion is that if we were to amend the Act by saying, for instance, "Notwithstanding anything contained in this Act," that would cover the cases where people had been refused by the Pensions Board on the grounds that there was a negative provision in the Act to bar them.

Mr. THORSON: I will come to that point in a moment.

By Mr. Thorson:

Q. We asked you to give us some figures on meritorious service clause cases, showing the number of cases appealed because of the non-concurrence of the two Boards. Have you got those figures available?—A. Yes, we have them here.

Q. Could we have them on the record?—A. Would the totals be sufficient?

Q. Yes.—A. The total number of meritorious clause appeals entered is 278; appeals heard, 274; awards made, 16; approved by the Federal Appeal Board and not concurred in by the Board of Pension Commissioners, 42; remaining to be heard, 4.

Q. Have you got the number approved by the Board of Pension Commissioners and not concurred in by the Federal Appeal Board?—A. No.

Mr. McPHERSON: You would not appeal it when you once got it.

The WITNESS: Pardon me, but I see there is a note here. It says, "There have been no cases so far in which the Board of Pension Commissioners favoured an award and the Federal Appeal Board disagreed."

By Mr. Ilsley:

Q. What is the trouble? What is the consideration that they think should be given to them, and what do you think?—A. The Board of Pension Commissioners will tell you their views.

By Mr. McPherson:

Q. You intimated that I was wrong in my question, but your answer intimates that these meritorious cases are considered by the Pension Board before they come to the Appeal Board?—A. Not necessarily. We do not know whether they have been considered by them or not.

Q. The last clause you read was that there have been no cases favoured by the Board of Pension Commissioners that have been objected to by the Appeal Board?—A. But we may have made the decision first.

Q. I understood you were to make them jointly.

Mr. THORSON: They hear them separately.

The CHAIRMAN: They do not sit jointly; they sit separately.

[Col. Belton.]

By Mr. Thorson:

Q. It is referred to each Board separately, is that not correct?—A. Quite so. That is in the Act.

Q. Going on to the other question that I had in mind; it was suggested, during the course of the evidence that the two bodies, under section 21, did not consider cases coming within section 21. If there was some particular section of the Act which covered it, and it had been turned down under that particular section of the Act, dealing with that class of case—it was not a case that could come under section 21—how does the Board regard that? Do they follow that view?—A. No. I think the Federal Appeal Board would give a decision. If a case had been considered, and disability thrown out by the Board of Pension Commissioners, and it had been appealed and disallowed by the Federal Appeal Board, we would still consider it as a meritorious case.

Q. On the same grounds for which it was thrown out by the two Boards?—A. Because the man was suffering from a greater disability.

Q. There would not have to be matters involved in the case, for which no provision had been made in the Pensions Act? It was suggested that this Section No. 21, was meant to cover only the cases for which no provision had otherwise been made in the Act. I understand from you that you do not so regard the Act.—A. That was originally the fact, but it was amended, and that was done away with.

Col. TOPP: The Board has always dealt with those cases, Mr. Thorson, as though there was nothing whatever in the Act to prevent an award under the meritorious clause.

Mr. THORSON: That does not clear it up, but rather confuses the issue.

By Mr. McPherson:

Q. Under Section No. 11, awards of pension can be made. Now, if the man is entitled to an award, under Section 11, would the Pension Commission consider him also entitled to apply under the meritorious clause?—A. I am sorry, but I did not hear you.

Q. If a soldier is entitled to a pension under No. 11, which is the general clause of the Act, could he then ask for a pension under the meritorious clause also?—A. He, perhaps, might do so, but he would not get much satisfaction.

Q. If he was barred from a pension under Section No. 12, which says a pension shall not be granted, and applied under the meritorious clause, would you consider that he was not entitled to it?—A. Would you mind me giving you a short statement in answering that, just to illustrate it. John Smith is a Sergeant Major over in France. He has distinguished himself in many ways, is an outstanding soldier, and has won the M.C., or the V.C., if you like. He is a fine fellow in every way. He gets away on leave and comes to London. He meets with a number of friends and gets pretty well lit-up, and is killed on the street by a motor. He has a wife at home. If that case came before me—all she knows is that her husband had gone away, had distinguished himself, and has not come back—she would get a meritorious award from me, even though he is excluded by misconduct.

Q. You would not bar him on account of that statutory provision?—A. Absolutely, no.

Q. Under clause No. 11, he was not entitled to a pension, but for meritorious reasons you grant it? What about the case of a man who had a very small pension, who had other disabilities which practically precluded him from earning a livelihood, and which disabilities were held to be non-attributable to war service. Would he have any chance?—A. There must be a number of other circumstances in the case to make it meritorious. You must not forget that there are a lot of men that are close to death, or that have died, old soldiers, and their condition is in no way connected with service.

[Col. Belton.]

The CHAIRMAN: Colonel Belton will be gone for about three weeks, when he leaves here to-day. Is it the desire of the Committee that we ask him to forego his trip, or will we let him go?

Mr. THORSON: There might be some question that Mr. Barrow or Mr. Bowler might suggest the members of the Committee should ask Colonel Belton while he is here.

The WITNESS: My secretary (Col. Topp) will always be available. He knows absolutely how the Board carries on, and he has the implicit confidence of the Board.

Mr. BOWLER: I think the ground has been pretty well covered.

Witness retired.

The CHAIRMAN: Mr. Bowler wishes to make a short statement.

Mr. BOWLER: Mr. Chairman, in regard to the question of appeals on assessments, whatever the decision of your Committee may be, the Legion would like you to bear in mind that we are opposed to the system of final awards in force in Great Britain.

The CHAIRMAN: I think we all agree on that.

The Committee adjourned until Monday, March 19th, 1928, at 11 a.m.

ADDENDA

(Submitted by Col. Belton, Chairman of the Federal Appeal Board)

RESULTS OF HEARINGS

District	By Districts				
	Allowed	Dis-allowed	Settled by B.P.C. before Judgment	Judgment out-standing	Total
Halifax.....	60	226	9	8	303
Saint John.....	36	125	1	9	171
Charlottetown.....	19	36	.....	2	57
Quebec.....	15	63	.....	5	83
Montreal.....	94	230	9	41	374
Ottawa.....	118	467	14	42	641
Toronto.....	213	647	19	104	983
London.....	79	204	6	38	327
Winnipeg.....	84	153	1	109	347
Regina.....	76	196	4	2	278
Calgary.....	81	270	8	14	373
Vancouver.....	84	263	4	3	356
Victoria.....	28	130	4	4	166
Totals.....	987	3,012	79	381	4,459

MERITORIOUS CLAUSE

District	Appeals Entered	Appeals Heard	Awards Made	Approved by F.A.B. not concurred in by B.P.C.	Remaining to be Heard
Halifax.....	15	14	2	.....	1
Saint John.....	3	3	.....	.....	.....
Charlottetown.....	5	5	1	1	.....
Quebec.....	5	5	.....	2	.....
Montreal.....	18	17	.....	2	1
Ottawa.....	47	47	3	10	.....
Toronto.....	58	57	4	9	1
London.....	24	24	1	3	.....
Winnipeg.....	23	23	1	5	.....
Regina.....	15	15	1	2	.....
Calgary.....	37	36	2	3	1
Vancouver.....	16	16	1	2	.....
Victoria.....	12	12	.....	3	.....
Totals.....	278	274	16	42	4

NOTE:—There have been no cases so far in which the B.P.C. favoured an award and the F.A.B. disagreed.

MONDAY, March 19th, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock, a.m., the Chairman, Mr. C. G. Power, presiding.

Col. JOHN THOMPSON sworn; JOHN PATON and Dr. R. J. KEE recalled:

The CHAIRMAN: Colonel Thompson, will you take the Legion's suggestions in the order in which they appear and make your comments thereon?

Col. THOMPSON: May I suggest, Mr. Chairman, that the first recommendation be allowed to stand until I have the opportunity of going further into it?

The CHAIRMAN: Right.

Col. THOMPSON: The second suggestion of the Veterans' program relates to section 2 of the revised statutes referring to pensions, by statute chapter 157, which is the interpretation section. Subsection (b) defining who an applicant is reads as follows:—

“Applicant” means any person who has made an application for a pension or any person on whose behalf an application for a pension has been made, or any member of the forces in whom a disability is shown to exist at the time of his retirement or discharge or at the time of the completion of treatment or training by the Department of Soldiers' Civil Re-establishment.

The suggestion is that the interpretation be extended to provide that any member of the forces who has made application for treatment or on whose behalf application for treatment has been made, or any member of the forces whose military and medical documentation bears the entry of an injury or disease or who has been granted vocational training because of service disability, shall be deemed to be an “applicant.”

The important part of that suggestion is in the fourth line, at the end, and at the beginning of the fifth line, “Of an injury or disease.” The effect of this will be that if a man were discharged in 1919 and was given vocational training at that time because of flat feet, and of flat feet only, and subsequently, in 1930, 1940 and 1950, applied for a pension in regard to tuberculosis, the granting of vocational training for flat feet would cover his application for tuberculosis because he was on vocational training, and there would be an entry of an injury or disease on that vocational training; there would be an entry that the man was treated for flat feet, which is an injury, and which would entitle him to a pension for tuberculosis, as an “applicant.” On that point the Minister has a suggestion to make. I might touch upon that later on.

By the Chairman:

Q. Or now?—A. The Minister has a suggestion to make along the same lines. It is referred to in another section of the Statute; it is referred to in section 13 of the Statute.

[Col. Thompson.]

Q. We had better take the Minister's suggestions afterwards. It will only complicate matters if we take them now. Are there any other questions on this explanation of suggestion No. 2 of the Legion's memorandum?

Mr. ADSHEAD: Are you opposed to this?

The CHAIRMAN: It is just as Colonel Thompson says. He is not opposed to anything Parliament may desire to do, but he raises the question as to what would be the consequence of putting in the suggestions made by the Legion. Am I right in that?

WITNESS: That is it.

Sir EUGENE Fiset: Colonel Thompson has commented upon the submissions of the Legion. He is also ready to deal with the proposed amendments or proposed suggestions of the Minister, but he has not given us his own opinion.

The CHAIRMAN: He says he will do that later; he will come to the suggestions of the Minister later on. He would rather go to those of the Legion now.

Colonel THOMPSON: I may say, before we leave that, that the notes appended to that suggestion do not give an accurate description, or the accurate effect of the proposed amendment.

The CHAIRMAN: Why not?

Sir EUGENE Fiset: It is much wider.

Colonel THOMPSON: In addition to what I have suggested, a very indefinite certificate by a physician, of a most indefinite nature, if on file, or supplied by the man at any time would carry the same application for a pension. His certificate might be in the nature of merely debility or it might be an entry of an injury or disease within the meaning of the proposed amendment, and that would cover an application for pension for heart disease, and eye condition, or an ear condition.

By Sir Eugene Fiset:

Q. In other words the certificate might define any class of disease that is not really pensionable, or that has not been pensionable as far as he is concerned?—

A. As far as the applicant is concerned.

Q. It becomes an application de facto?—A. Yes.

Sir EUGENE Fiset: I think you might now consider the proposal of the department.

The CHAIRMAN: The proposal of the department in this particular case comes under another section, section 13-1. The department has not proposed to amend the definition of "applicant" as it appears in section 2-b. It is proposed however, to amend section 13.

Colonel THOMPSON: There are quite a number of sections as to which the Minister has a suggestion to make, and the veterans as well.

The CHAIRMAN: This suggestion is of importance in the question of retroactivity.

Colonel THOMPSON: Yes, there is also the question of the statute of limitations. For instance, if a man was treated in 1919 for flat feet, or there was some indefinite claim in 1919 in regard to some indefinite condition, and he was treated for flat feet, and if after the period covered in the statute of limitations had passed, he makes an application, at the present time that application cannot be received. The effect of this amendment would be to remove the statute of limitations in regard to that.

Sir EUGENE Fiset: In other words, this would permit the application of the man to be examined for whatever disease he might be suffering from at the time of his application?

Colonel THOMPSON: And would entitle him to a decision of the Board, irrespective of the time limit. It is to remove all time limits.

[Col. Thompson.]

Mr. ADSHEAD: If his condition is not due to war service, you would rule it out, that is, if there was no attributability to war service?

Colonel THOMPSON: Surely. It would debar him from making an application, if it was not due to war service.

Mr. SPEAKMAN: That brings up another question altogether.

The CHAIRMAN: So long as we have any limit, Colonel Thompson is of opinion that we might as well keep it in the Act.

Colonel THOMPSON: One reason for the statutory period in regard to making an application was the difficulty of proving or disproving the allegations in the material submitted in support of the application. If twenty years after a man was discharged fit, and we had heard nothing of him for twenty years, and he says that when he was discharged he was not feeling well and puts in all sorts of letters, there are no means open to the Board of disproving them.

Sir EUGENE Fiset: On the other hand I am afraid you will have to face the situation more or less. There is a catalogue of cases that will come before you as the days go by, that really do not specify what a man is suffering from, but that he is going to pieces. I am afraid this will have to come up.

Colonel THOMPSON: If in any way related to war service, the original inquiry would be considered an application. For instance, if on service a man was noted as having debility, and he came up twenty years afterwards and said he had flat feet on service, and there was nothing in the meantime, we would say it was not pensionable. If the time limit was removed, the fact that he had debility would entitle him to a pension for flat feet twenty years after he was discharged.

Sir EUGENE Fiset: But you are bound to have cases, even if there is no record of disability or application for pension, even if he has been dismissed, or rather, discharged I should say, as fit. Cases will come before you for no apparent reason whatever, but the man has gone to pieces and is becoming a public charge. How would you deal with such a case?

Colonel THOMPSON: We have that sort of case now. Unless it is an application covering some obscure condition, or one which is known to take a very long time in developing, say ten years afterwards, we would say it was post-discharge. I might say that only the other day a man was pensioned; I am not sure as to all the facts, but I think he had some headache trouble on service. He received a wound and nothing was heard of him until the other day when he died. A further investigation proved through the post-mortem that he died of tumor of the brain of very slow growth, and we gave a pension.

The CHAIRMAN: If there was nothing on the file that he had a headache on service, would he be debarred?

Colonel THOMPSON: Unless there was some evidence to show it.

Sir EUGENE Fiset: You had the positive evidence of the post-mortem?

Colonel THOMPSON: Yes. Generally speaking if there is no entry, and nothing happens for ten years, in most diseases there would be nothing to show, I should think.

Sir EUGENE Fiset: We might as well go on, because there are indefinite classes of cases, and we have five or six different suggestions of the Legion which might be grouped together and discussed as we go along.

Colonel THOMPSON: The next one is section No. 3.

Mr. McLEAN (Melfort): Was this clause not abandoned in this section?

The CHAIRMAN: No, not in No. 3.

[Col. Thompson.]

Colonel THOMPSON: Now (b) and (c), subsection 8 of section 3 of chapter 157 of the Revised Statutes of Canada reads as follows:—

8. On the approval of the Commission to the award of any pension or to the refusal of any pension, a form shall be placed on the file of the member of the forces by or in respect of whom application for pension has been made which shall bear the personal signature of at least one of the Commissioners and shall contain the following information:—

- (a) The names of the Commissioners dealing with the case.
- (b) The grounds on which pension is awarded or refused.
- (c) In the event of the Commission not being unanimous, the grounds on which a Commissioner disagrees with the decision reached.

By Mr. Thorson:

Q. Some questions were asked by members of the Committee as to this suggestion, Mr. Chairman, whether there were any practical administrative objections to the Legion's suggestion and what the present practice is?—A. In the question we are discussing?

Q. Yes?—A. No, I have no suggestions to make on that. The information is given at the present time.

By the Chairman:

Q. You say the information is given at the present time?—A. Yes.

Q. That is all you have to say on that subject?—A. Yes.

By Mr. Thorson:

Q. They want to make it statutory?—A. I have no objection to that. There is no reason why it should not be done.

Q. You say there is no reason why it could not be done?—A. No.

Q. No practical administrative objection?—A. No. It is always done.

By the Chairman:

Q. My objection was that if it was made statutory, it might limit in some degree the information that might be contained?—A. I think not. It was always on that statement.

By Sir Eugene Fiset:

Q. But the effect of the amendment would be that if you have positive statutory directions how to administer the matter, it limits it?—A. Yes.

Q. You are limited within the four corners of that Act?—A. Yes.

Q. I think the object of the Legion is, to make it as broad as possible?—A. At present that information is always on the file, namely, "post discharge."

By Mr. Arthurs:

Q. Is it given in detail to the pensioner or applicant?—A. Yes. The names of the Commissioners are not sent out; it is always on the file, that is all.

By the Chairman:

Q. Are not the names of the Commissioners sent out? The statute states that they should be?—A. No. They are on the form. They are not sent out to the applicant. That is the question that was asked.

By Sir Eugene Fiset:

Q. At the present time, then, you are administering this section in accordance with the regulations prepared by the Board of Pension Commissioners, and those are provided for in the Statute?—A. Yes.

[Col. Thompson.]

By the Chairman:

Q. It will not do any harm or any good, is that your view?—A. Yes. The next Section in the Revised Statutes referred to is Section 11. (Reading):

In respect of military service rendered during the war,

- (a) pensions shall be awarded to or in respect of members of the forces who have suffered disability in accordance with the rates set out in Schedule A of this Act, and in respect of members of the forces who have died in accordance with the rates set out in Schedule B of this Act, when the injury or disease or aggravation thereof resulting in disability or death in respect of which the application for pension is made was attributable to or was incurred during such military service.

The effect of this suggestion, if made statutory, would be that if a man enlisted for a day and was then discharged, because he was unfit, and had been always unfit, even to the extent of 90 or 100 per cent, whatever the pre-enlistment disability, if it was considered that it was aggravated during his day's service, or two days' or a week's service, amounting to something negligible, say \$25 gratuity or even less than that, provided there was any aggravation of any sort or description, if he eventually died of that same pre-enlistment disease or injury, he would be entitled to pension.

By the Chairman:

Q. There was a case which I think was put at the time this was discussed: During 1918, under the military service Act, a number of persons were called up and given leave of absence to return to their farms; leave of absence of two or three months, and some were indefinite. Had one of these men been injured, we will say, while he stood aside waiting to be called upon—supposing he cut his foot off with a scythe, or something of that sort, what would be done?—A. That is provided for. If on harvest leave he has undertaken any work, and if anything happens to him, he does not get a pension for that. That is provided for.

Q. Had he been injured in a railway accident, either going to the depot under the Military Service Act, or returning home, how would he be dealt with? Supposing he went up to the city, to the district office to report under the Military Service Act?—A. If he was on leave, he would not be entitled to pension. There are a number of instances where a man on what was called harvest leave, that is leave to return to his farm, and while there was injured by his farming machinery, there was not pension paid for that.

By Mr. Arthurs:

Q. Is that statutory?—A. Yes. I might say that this proposed amendment does not refer to that. That is a different thing altogether. This merely deals with the question of aggravation.

By Mr. Thorson:

Q. Does it not deal with a question such as this: where a man has suffered from a disability aggravated on service, or has a disability aggravated on service, and then he dies from that aggravated disability, and it cannot be shown that the death was due to the aggravation by itself, then his pension to the dependents is cut off. That is, there is an onus on the soldier to show that the death was due to the aggravation and not to the condition plus the aggravation. A question arose in the discussion as to whether there were any cases where pensions to dependents had been cut off on the ground that death was not due to the aggravation of the disease itself. But, it was due to an injury or disease that had been aggravated; it was not due to the aggravation itself?—A. Oh, yes, there are many pensions refused on the ground that the man has not died of the aggravation.

[Col. Thompson.]

Q. The question under discussion was that it is so difficult to separate the aggravation from the condition, that where it has been found that there was aggravation, the claim should be taken into consideration although it cannot be positively proved that the death was due to the aggravation rather than to the condition plus aggravation?—A. I might say that the practice of the Board is that if it is 50 per cent aggravation, if a man comes off service with a 20 per cent disability resulting from a pre-enlistment disease, let us call it a heart condition, a 20 per cent heart condition pre-enlistment, and his service was short, how he would be pensioned would depend upon his service, as to whether the pension would be for practically the whole of the disability or a part of his disability. Supposing his service was such that the Board considered when he was discharged from the forces that out of the total condition the aggravation was 50 per cent, and his total heart condition was 20 per cent, and that it was due to the service, the aggravation, if he eventually died of that heart condition, we would pension his widow with relation to the service.

Q. Under what circumstances would you do that?—A. On the ground that his death was due to the aggravation, but not to the original disease.

Q. Unless that can be proved, there is no pension? Unless it can be proved that the death was due to the aggravation?—A. That is the opinion of the Board and the medical advisers, yes.

Q. You might have a man with a heart condition, very considerably aggravated by service, dying; and unless it could be proved that the death was due to the aggravation rather than to the original heart condition, his dependents would not get pension?—A. I would not call it a question of proof. It is a question of what the man's service was, and what his condition was when he was discharged.

Q. That is all a question of proof, is it not?—A. Not a question of proof by the man.

Q. Proof on the part of his dependents?—A. No, on his documents.

By the Chairman:

Q. There is a measure of discretion there, always, is there not?—A. Yes. I am merely informing the Committee as to what the practice is.

By Mr. Adshead:

Q. Supposing a man is suffering from some aggravation, that must lessen his resistance if he takes another disease; he might have got through if it had not been for the aggravation. Supposing a man is suffering from a 20 per cent heart trouble, and he dies of pneumonia, and a certificate comes in stating pneumonia is the cause of death. I suppose you would not grant his dependents a pension because he did not die of heart failure. At the same time, his expectancy of life would have been better if he had not had that aggravated heart condition?—A. No, that would not be so. If a man is in bad condition with regard to a heart condition, and he takes pneumonia—I am speaking with a certain amount of deference to the doctor, who will correct me if I am wrong. I am merely making a shot at it—if he had a heart condition, and he contracted pneumonia, and it was definitely due to service that the heart condition did not give him a chance.

MR. ADSHEAD: I am merely stating a case of a heart condition as an illustration.

[Col. Thompson.]

The CHAIRMAN: There was a type case cited here by the Legion, as follows. (Reading Page 5 of No. 1 of the Proceedings and Evidence of the Committee):—

This man had excellent service, and as his file will show, was most highly commended by his senior officers for special work performed in England. He was discharged February, 1917, medically unfit. Pension was originally awarded at the rate of 20 per cent, but in January, 1920, the award was as follows: Entire disability 20 per cent, pensionable disability 10 per cent. This included D.A.H. and arterio sclerosis, aggravated on active service. He died in February, 1924, cause myocarditis and arterio sclerosis. In the ruling of the Board refusing pension to widow and dependents it is admitted that the man died from the condition for which he received pension for aggravation, but the claim was rejected on the ground that death was not the result of aggravation on service.

Col. THOMPSON: I would like to have the file before I answer about that. There may be something on the file that would affect it.

By Mr. Thorson:

Q. May I ask why the legislation of 1919 which it is proposed to restore, was changed. Have you the 1919 legislation before you?

The CHAIRMAN: Section 11.

WITNESS: I can suggest that the reason for the amendment was that the section was obscure; or one reason that the condition was not aggravated.

By Mr. Thorson:

Q. The soldiers apparently considered that their desires were carried out by the legislation of 1919, and are not carried out by the present legislation. They wish the provisions of the original Act of 1919 in that respect to be restored, on the ground that it is impossible to distinguish the condition from the aggravation, and that if a man has been in receipt of a pension for a condition aggravated by service, and he should die, and that condition was aggravated, it should not be necessary to prove that the death was the result of the aggravation, but to have the pension continued to his dependents?—A. I merely point out what cases would be entitled to have their pensions continued.

Q. You say there are a great many cases in which pensions are refused to dependents on the ground that although the man died of the condition aggravated by service, he did not die from the aggravation?—A. Aggravated during service, call it.

Q. Aggravated during service, that he did not die from the aggravation; there are a large number of pensions refused just for that?—A. Quite a number, I should say.

Q. Have you any idea what number of cases were refused solely on that ground?—A. I have no idea.

Q. Could you get that information for us?

Dr. KEE: It would be very difficult to get it. We are dealing with about seven cases per day.

Col. THOMPSON: We have no record of that.

Dr. KEE: We might be able to pick them out.

By Mr. Thorson:

Q. Do you not keep records of the nature of the application, and the grounds of the allowance or refusal?

Dr. KEE: Yes.

[Col. Thompson.]

Mr. THORSON: Would it not be possible to get a definite number of the cases that were turned down on that ground?

Dr. KEE: Over a stated period, probably.

Mr. ROSS (Kingston): It would be very difficult for Col. Thompson to recall the medical reasons, and so on. We might have a day when he could submit so many test cases, and have the medical adviser here with the file. Then we could get exactly the reasons why.

Col. THOMPSON: I can have the files here to-morrow.

The CHAIRMAN: Perhaps I should not have referred to that particular test case.

Mr. ROSS (Kingston): It would be very interesting to us, as medical men, to know the principle upon which they acted in this kind of case.

Mr. GERSHAW: Do the medical men on the Board have any difficulty in discriminating between a death claim caused by original trouble or aggravation?

Dr. KEE: It is very difficult sometimes. It is generally based on the rate of pension a man has been receiving all through his pension period.

Mr. THORSON: To follow up General Ross' suggestion, that this should be set over for further consideration by Col. Thompson, may I ask that he also give consideration as to the practice of the Board of Pension Commissioners under the Act of 1919; whether there was a change in that practice, and when that change took place?

Col. THOMPSON: In 1919, any man who died at the time that Section was in force, his death would be considered as due to service, because he died so shortly after discharge. Most of them died within a year, and we gave the dependents the benefit of the doubt that it was due to service.

Mr. THORSON: Whether the death was due to the original condition or to the aggravation; you did not go into that question?

Col. THOMPSON: I think not. That would be my guess at it.

Mr. THORSON: Would you just check that up?

Col. THOMPSON: I could check that up.

Mr. THORSON: And then check up when this practice was changed. I understand that this legislation was changed in 1922. What was the immediate change in the practice of the Board after the change in legislation? And if you could give us information as the number of cases where pensions have been refused on the ground that death was not attributable to the aggravation, although it might have been attributable to the condition which was aggravated?

Col. THOMPSON: There is another type of case, in which the aggravation was considered to be, say, twenty-five per cent of the total, or twenty per cent. In a comparatively short time, say within three or four years, the man died. There are a number of instances of this kind. He is only pensioned at the rate of thirty-five per cent. Death was considered to be due to the aggravation because the man had gone down hill so quickly.

The CHAIRMAN: I am sure that it is the desire of the Committee that before you are excused you revert back to this section, and bring before us, for discussion, a number of files, in order that we may see just how the discretion of the Board is exercised.

Sir EUGENE Fiset: And also the reason why the Act was changed.

The CHAIRMAN: I do not think Col. Thompson can enter into the minds of the legislators.

Sir EUGENE Fiset: He may have made some suggestions.

Col. THOMPSON: The Board has never suggested amendments.

Mr. THORSON: The Board has never suggested amendments?

[Col. Thompson.]

Col. THOMPSON: It has never expressed an opinion as to the advisability, or otherwise, of amendments.

Mr. McPHERSON: This section is also affected by the representations of the Tubercular Veterans, covering long standing diseases like diabetes, consumption, and so forth. They ask that it be considered as *prima facie* proof, that the disease existed at the time of discharge. Their suggestion is that when a man has we will say, tuberculosis, it is to be presumed to have existed while in service, and the onus is thrown on the Board to prove that he had it after the post-discharge period.

Mr. BOWLER: That was redrafted so that it would apply only where a recognized specialist gave an opinion to that effect.

Mr. McPHERSON: But it is still to be considered *prima facie* evidence?

Mr. BOWLER: Yes.

Mr. McPHERSON: That is an important thing. If a recognized medical authority suggested that he was suffering from the effects of this disease, do you think you would be able to disprove it?

Col. THOMPSON: No. That would be my opinion, as a layman, from what I have seen on the Board. I was going to take up that suggestion a little later.

Mr. McPHERSON: I thought we might as well clean it up while we were dealing with the section.

Sir EUGENE Fiset: I am anxious to know how the Act of 1919 was changed.

Col. THOMPSON: On the recommendations of the different parliamentary committees, and adopted by Parliament.

Sir EUGENE Fiset: Could the Board of Pension Commissioners give us a *précis* of the proceedings of the committee?

Col. THOMPSON: It would be in the proceedings.

The CHAIRMAN: In the proceedings of 1922, I presume.

Mr. PATON: It was changed in 1920.

The CHAIRMAN: It was changed in 1920 and 1922. We can get the proceedings and the evidence.

Col. THOMPSON: No. 5 is next. That depends on No. 4 being accepted.

The CHAIRMAN: No. 6 was dropped.

Col. THOMPSON: No. 7. At the present time, if a man contracted venereal disease on service he is not pensioned for any disability resulting therefrom. There was a certain discretion vested in the Board, and the practice has been that where a man had a pre-enlistment disability from a venereal disease, and had served in Canada or England only, and not in a theatre of war, we did not give any pension on discharge, or at any time, for any aggravation. On the other hand, if he served in a theatre of war, the medical advisers of the Board considered that the stress of service at the front, and the living conditions there, might liven up a condition that had lain dormant for years, and such a man would receive a pension to the extent of his disability at discharge. That was the practice for years, and it was made statutory a few years ago. This same question has been discussed before several parliamentary committees, and also before the Ralston Commission, when they were investigating the question of pension.

Mr. THORSON: General Clark asked how many men were affected by the present legislation; that is, how many men are receiving pension for venereal diseases aggravated on service?

Dr. KEE: We can get the records from the Department.

Col. THOMPSON: The Department furnished me with some statistics, but they are obviously very inaccurate.

Dr. KEE: There is a large number, however.

Mr. ROSS (Kingston): Under what conditions would the disability be aggravated?

Col. THOMPSON: With regard to venereal disease?

Mr. ROSS (Kingston): Pre-enlistment infection?

Dr. KEE: The diseases are, locomotor-ataxia resulting from syphilis, general paresis of the brain, choroditis, optic atrophy, angorism, gonorrhea, arthritis, et cetera.

Mr. ROSS (Kingston): How would you prove pre-enlistment infection?

Dr. KEE: A man would state he had contracted syphilis twenty years previous.

Mr. ROSS (Kingston): Some of these conditions might be due to enlistment.

Dr. KEE: It is a medical question whether a man can have two infections; some say he cannot.

Mr. ROSS (Kingston): One would be on his record?

Dr. KEE: Yes.

Mr. THORSON: In respect to that, there is no pension?

Dr. KEE: If that is aggravated, he would be pensioned for the total disability at the time of his discharge.

Mr. McPHERSON: Is it not a question of whether the Committee is going to increase the pension for venereal disability? I do not think we should ask the Board to give an opinion. That is entirely a business matter.

Col. THOMPSON: The question General Ross is asking is merely a type case.

Mr. THORSON: You say there are quite a number of people who are receiving pensions for aggravation?

Dr. KEE: There is a large number.

Mr. THORSON: Have you any idea how many?

Dr. KEE: Some thousands, I should think.

Mr. THORSON: Who are receiving pension for aggravation?

Dr. KEE: Aggravated syphilis.

Mr. THORSON: On a pre-existent venereal disease?

Dr. KEE: Yes.

Mr. THORSON: Pre-enlistment?

Col. THOMPSON: And a large number have died.

Mr. ROSS (Kingston): How would you differentiate between the man infected during enlistment, during post-discharge period, or a few months before discharge?

Dr. KEE: Who contracted it on service?

Mr. ROSS (Kingston): No, just after service? Nine years have elapsed now.

Dr. KEE: No condition, of course, which is contracted on service is pensionable.

Mr. ROSS (Kingston): I mean post-service.

Dr. KEE: That would not be pensionable.

Mr. CLARK: How do you know that?

Mr. ROSS (Kingston): How would you tell?

Dr. KEE: We would tell from the data. If his documents show that he contracted it on service and there was nothing to show a pre-enlistment history—

[Dr. Kee, and Col. Thompson.]

Mr. THORSON: Supposing he did not report sick.

Dr. KEE: It would be very difficult, in the army.

Col. THOMPSON: If there is nothing on the man's document, and ten years ago he went down with G.P.I., subject to correction by Dr. Kee, I would say we would consider that a post-discharge condition; no record of any sort or description.

Mr. Ross (Kingston): But in the case of these venereal diseases, you must have some record of the condition during service.

Dr. KEE: Exactly. Most of them have a very complete record as to the date of contraction.

Mr. Ross (Kingston): The way you make your diagnosis is to say that something happened during service.

Dr. KEE: Exactly.

Mr. Ross (Kingston): And if there is no record, he is out?

Dr. KEE: He is out.

The CHAIRMAN: If he were not lucky enough to be put in the V.D. hospital while on service, he could not get anything for aggravation?

Mr. Ross (Kingston): No. We come again to the same old thing. He might have some eye trouble or a headache, or a mental condition, or have had a little excitement or something during service, and he says, "I had venereal, pre-enlistment," and your case is clear.

Mr. THORSON: Clear for an aggravation?

Mr. McPHERSON: If it shows on the medical record?

Mr. Ross (Kingston): Yes.

Dr. KEE: It is in the interests of the man to say he did have it pre-enlistment.

Mr. ARTHURS: Maybe he did not know it then.

Dr. KEE: But even if he tells it now and gives the history of it, we would consider his case?

The CHAIRMAN: Even if he told it now, but if you have nothing on the history sheet to corroborate his evidence, how would you treat him?

Dr. KEE: He would get it, I should think.

Mr. Ross (Kingston): If he can prove it. The Board would not accept his statement.

The CHAIRMAN: And he might have a hard time proving it. He would have to go back now about fourteen years.

Dr. KEE: He would have to show some disability at the time of his discharge, obtained in a certain theatre of war.

The CHAIRMAN: He would have to show some disability at the time of discharge.

Dr. KEE: Otherwise he would not be pensionable.

Mr. Ross (Kingston): It must be on record. That is what I wanted to get at.

Dr. KEE: The disability may be very much different from the diagnosis of syphilis. We must not confuse the two things "injury and disease" and "disability." Disability is something resulting from an injury or disease.

Mr. McLEAN (Melfort): Are any cases of V.D. contracted on service pensionable at all?

Dr. KEE: No.

Mr. Ross (Kingston): What you are dealing with now are nearly all syphilitic?

Dr. KEE: Yes.

The CHAIRMAN: Does the Committee understand the point involved?

Col. THOMPSON: No. 8 refers to section 13 of the statutes which reads:

13. A pension shall not be awarded unless an application therefor has been made.

- (a) within three years after the date of the death in respect of which pension is claimed; or
- (b) within three years after the date upon which the applicant has fallen into a dependent condition; or
- (c) within nine years after the date upon which the applicant was retired or discharged from the forces; or
- (d) within three years after the date of the completion of his treatment by the Department of Soldiers' Civil Re-establishment when he was retired or discharged direct of such treatment or undertook such treatment within six months of his retirement or discharge; or
- (e) within three years after the declaration of peace:

Provided

(i) that where there is an entry in the service or medical documents of the member of the forces by or in respect of whom pension is being claimed showing the existence of an injury or disease which has contributed to the disability in respect of which pension is claimed, such entry shall be considered an application as of the date thereof for pension in respect of such disability;

(ii) that the provision of paragraph (e) of this section shall not apply to an applicant claiming dependent's pension who was not resident in Canada at the date of the death of the member of the forces and has not continuously resided therein. 1925, c. 49, s. 3; 1927, c. 65, s. 3.

It is entirely a question of statutory limitation and is entirely up to parliament. It means that if a man were discharged in 1916 or 1918 or 1919, as the case may be, and 30 or 40 years afterwards makes an application for pension, he would be entitled to have his claim considered.

Mr. THORSON: Are there many cases which have been debarred by the lapse of time?

Col. THOMPSON: There are a number, but not many. But there will be a large number under the original statute of limitation, which was five years. These were all considered when the statutory period was enlarged.

Dr. KEE: Still some are barred.

Mr. ARTHURS: If a man at the time of his discharge was discharged as medically unfit, say 20 per cent disability, the statute of limitations would not operate against him if he applied for pension for the same disease which was aggravated later on?

Col. THOMPSON: Surely. As a matter of fact, if he were discharged with a notation of, for instance, a rapid pulse or something like that, and no disability marked, 40 years after he could make a claim. This really covers claims where there is no notation on the document.

The CHAIRMAN: I neglected to ask you one question with regard to the other suggestion. Have you prepared any statement with regard to the estimated additional cost by way of annual pensions if these suggestions are carried into effect? Have you prepared any on these suggestions?

[Dr. Kee, and Col. Thompson.]

Col. THOMPSON: No, I have not. Any figures I have I would have to get from the D.S.C.R. Some I have been able to cross-check. Others, such as those referring to venereal diseases, I am a little doubtful about.

The CHAIRMAN: With reference to this matter?

Col. THOMPSON: No.

Mr. THORSON: The question was asked during the discussion, whether there would be any increase in the cost by removing the time limit.

The CHAIRMAN: Do you not consider that the removal of the limitation with regard to dependents would greatly increase the cost?

Col. THOMPSON: I think not so very much. The figures as given to me by the S.C.R.—I do not know whether they are correct or not—are widows, widows and children, children, brothers, sisters, and parents total 61.

The CHAIRMAN: Who have been refused a pension?

Mr. THORSON: Who have been refused a pension because of the time limit?

Col. THOMPSON: Yes. That is from 1923 to 1927. "Disability statute barred claims 51." I do not know whether those are accurate or not.

Dr. KEE: There are not many since the law was amended.

Mr. CLARK: Have these barred claims been considered under the meritorious clause?

Col. THOMPSON: Yes. There was an instance in British Columbia where a man—no, I may be mistaken about that.

Mr. CLARK: I mean those which are barred by statute.

Col. THOMPSON: Yes, but not particularly under that section. It was somewhat analogous to those claims, and they could be considered in the same way. The case I had in mind was of a man who applied to the Pensions Board for a pension, and we refused him. He appealed to the Federal Appeal Board, and they confirmed the decision of the Board of Pension Commissioners. The man allowed the time to elapse in which he was entitled to appeal, and he was thus barred under another section of the statute. It eventually came to our notice that there was a notation on his document which the board of Pension Commissioners and the Federal Appeal Board had missed, and which clearly entitled him to further consideration. On suggestion of the Board of Pension Commissioners, concurred in by the Federal Appeal Board, his application was received and he was granted a pension.

Mr. CLARK: Under what section? Under the meritorious clause?

Col. THOMPSON: Under the meritorious clause.

The CHAIRMAN: He was debarred because he had not lodged his appeal?

Col. THOMPSON: Yes.

Mr. CLARK: They are barred because they have not made their original application in time?

Col. THOMPSON: If it were discovered that there was some error in the original decision, and the man really was entitled to a pension, I would consider it a proper case to come under the meritorious clause. I qualify that to a certain extent with regard to widows. One finds that a man has died and no claim will be made for years by the widow or alleged widow. I think it is very doubtful in such a case as that if the widow would be entitled to a pension, even if her claim had been made in the first instance.

Mr. THORSON: I have one case in mind from Winnipeg—

The CHAIRMAN: Are we discussing the meritorious clause?

Mr. CLARK: No; we are discussing whether there is any advisability of extending the time limit, and the thought which occurred to me was this, that

[Dr. Kee, and Col. Thompson.]

if there are only three or four cases a year, perhaps there would be no necessity for extending this time, because if it were proven to the Pensions Board that a dependent widow, for instance, would have been entitled had she applied within the time fixed by statute, it could very easily be turned into a meritorious application and the pension granted. That would seem to be entirely dependent upon the number of cases which arose.

Mr. ADSHEAD: Upon the number rather than upon the equity of them?

Mr. CLARK: No, whether there is any necessity for changing. If there are but very few cases, the meritorious clause could be applied in all.

Mr. THORSON: If there were very few cases the question of expense would not enter into it at all, and there would be no objection to removing the time limit.

Col. THOMPSON: I am very doubtful if any widow in the circumstances mentioned should be entitled to pension. As time goes on it is impossible to prove that, except that there was no application made, which is a good indication that the widow did not know the man was dead, or knew she was not entitled to a pension but made an application eventually, to see if she could make it stick.

Mr. THORSON: Take the case of a widow who has been trying to carry on for years, and she reaches the limit of her personal resources, and is confident that her husband died of a disability incurred on active service, but a motive of pride, or whatever it may be, has deterred her from making an application until now. She would be debarred? I have in mind a case in Winnipeg which falls under that category, and the widow is now seeking to get a pension, but is at the present time barred because of the time limit.

Mr. ADSHEAD: Do you receive any instructions from the Minister in any way to widen the meritorious clause?

Col. THOMPSON: There are suggestions made by the Minister.

The CHAIRMAN: We will come to that in a moment, Mr. Adshead.

Col. THOMPSON: While it is fresh in my mind, I will call the Committee's attention to something with regard to the proviso, whether they would decide the time limit or eliminate the proviso. You see in the second part of the provision (e) that this section shall not apply to the dependents of a pensioner who is not resident in Canada. There are some two hundred or three hundred Russian claims and some from Poland, some from Latvia, and so on, which have been barred by the statute of limitations and it is very questionable. Of course there are a number of Polish widows who are on pension in Latvia, and one or two in Russia as well. The difficulty would be to obtain any reliable evidence as to what the circumstances of these widows are at the present time. One obtains all sorts of conflicting statements. We had one man who was sent an eighty dollar cheque. A receipt was obtained from the National Committee in Moscow, I think it was, and that was all he ever received. They took his cheque, but gave him no gold or cash. There was a large amount distributed to one widow near Moscow. She has received on behalf of herself or children, or ought to have received, some six thousand dollars. I have worked out the exact amount which she has received, and I think it is about eighty cents, in seven or eight years. The cheques were sent to the British Agent in Moscow, who handed them over to some committee, or to the head men of the village, or to this woman, accompanied by some other person. She was quite illiterate, and was not able to endorse the cheque, and simply received whatever they chose to give her. I do not think she received more than ninety cents in eight years. Then in regard to others, I have received long statements from the Commissaries of the villages in two or three instances, saying, "Do not send so and so any more money, he has already one wife, one cow and one

[Col. Thompson.]

pig, and one house, and is not entitled to any more." He is not allowed to receive it. They emphasized the one wife, in each instance.

Mr. ADSHEAD: Do they think if he had another wife he would be entitled to some more pension?

The CHAIRMAN: He would need more pension.

Mr. McPHERSON: Are you still sending money to Russia?

Col. THOMPSON: Still sending some, yes, but it does not amount to a large amount. There is quite a bit in Poland. We have a number of Polish cases.

Mr. McPHERSON: Are the financial arrangements better in Poland?

Col. THOMPSON: In Poland they are better. As a matter of fact, since hostilities ceased, or shortly thereafter, we received application from a number of Polish widows, and pension was granted on such investigation as it was possible to make by correspondence. These others evidently knew nothing about their husbands, and my inference would be that when the husbands left Poland they had never afterwards corresponded at any time with their wives. That same condition, I might say, was found in Belgium. The then manager of the British Branch and I visited all the dependents and all widows in Northern France and in Belgium and without any exception what we found was this, that where a Belgian came out to Canada prior to the war, and enlisted and was killed, and the widow went back to Belgium afterwards and we found she was living a most exemplary life, but on the other hand, if a Belgian came out to Canada, enlisted and was killed, and had never brought his wife with him, the reason he did not bring her was because they were at sixes and sevens and he was not supporting his wife, and generally speaking she wasn't entitled to any support. I think a fair inference would be that a number of these Polish cases would be the same; but I suggest that if that proviso is taken out it would be well to closely investigate these cases in Russia and Poland and Latvia, where the claims have been statute barred.

Mr. McPHERSON: What would be the effect there of leaving it in?

Col. THOMPSON: I thought possibly it might be struck out because the suggestion was that the time limit should be raised.

Mr. CLARK: The removal of that clause would not affect any who are now being paid.

Col. THOMPSON: No.

Mr. CLARK: And any new applications received from Russia or Poland would be more closely scrutinized even with this section in existence.

Col. THOMPSON: My recollection is that the time limit was enlarged. I think section 13 did enlarge the original sections, because of a case in western Canada, where a man had died shortly after discharge from service. He was discharged during the war and died shortly after. No claim was made by the widow until after the period had elapsed within which she might file her claim. She was a widow with six or seven children; she came from British Columbia. Her husband had been a guard on a bridge. It was quite clear from the evidence that his death was related to service. Speaking from recollection, I cannot say whether he died from the aggravation or from the disease incurred on service, but I know his death was related to service, but we could not pension him. We called attention to that and the period was enlarged, and you now find it in section 16, but at the same time, this proviso No. (ii) was put in, making it clear that persons not resident in Canada, could not receive the advantage of the amendment.

Sir EUGENE Fiset: But the fact remains, if the Act stays as it is at the present time, you are prevented from considering any new application for pension? That is the long and the short of it?

[Col. Thompson.]

Col. THOMPSON: Oh, no. If a man is discharged absolutely fit, and he says, "I come up now for the first time, in 1928," and he says, "I have a stiff elbow due to an accident on service and ought to get a pension for it," he is barred.

Mr. CLARK: Unless there is a notation in his document?

Col. THOMPSON: Unless there is a notation, yes.

Mr. CLARK: If he was discharged perfectly fit, and five years later makes a claim for something that does not appear on his sheet?

Col. THOMPSON: Yes. I mean where there is no notation on his document.

Sir EUGENE Fiset: That is exactly what I mean. General Clark, also Dr. McGibbon, brought up this question of men who are at the present time absolutely unfit to do anything, and who have no medical history sheet, nor anything on the record which proves that they have anything wrong due to service, still they are old men and not able to care for themselves, and they would not be provided for under this clause?

Col. THOMPSON: No, we only pension for an injury or disease incurred on service, resulting in a disability. The type of case you mention—or perhaps not the type of case you mention—is the instance I referred to, or a case where a man lost an arm on service. There we had specific evidence of it. He is 75 per cent disabled. Supposing he were discharged in 1916, but only recently made an application for a pension in respect of that disability.

Mr. McPHERSON: Which he could do under the Act?

Col. THOMPSON: Yes, which he could do under the Act. Of course we pensioned him and made it retroactive to the date of his discharge.

Mr. McPHERSON: The only people debarred are those who have no medical disability shown on their sheets?

Col. THOMPSON: Yes, or where a man is pensioned for flat feet, and that is the only notation on his documents. If he makes an application in respect of an ear condition, for instance, we would not give him a pension; we would consider he was statute barred.

Mr. THORSON: So the majority of fresh applications you are dealing with now are from the post-discharge disability arising?

Col. THOMPSON: Yes, I think I am quite accurate in saying, with regard to those claims which were barred prior to the amendment 13, that there must have been several hundred.

Dr. KEE: 700 at least?

Col. THOMPSON: 700 probably barred by statute. I think that probably more than 99 per cent were post-discharge, practically all of them.

Mr. Ross (Kingston): I think the question General Fiset would like to have further considered is, they have statute barred all mental cases. For instance, you have eight or nine of them in the Rockwood Asylum at the present time, men whose mental condition is considered actually due to war service, that is, the stress and strain of service. They have no actual disability on the records to show any trouble of that kind, but you have eight or nine cases there now, fairly young men, who are considered by all the medical people, who have examined them, as having a mental condition due to war service.

Col. THOMPSON: The largest type of mental cases are dementia praecox.

Mr. Ross (Kingston): It is easy to put all these cases under "dementia praecox?"

Col. THOMPSON: There are quite a number of these, and the decision of the Board is, "post-discharge."

Mr. Ross (Kingston): I am satisfied that if one had the time and experience to go back, he would find something in the service of these men to show

[Col. Thompson.]

an indication of some slight trouble which has developed, and they are there at the present time. That is only one type of many of them, all over the country.

Sir EUGENE Fiset: Indeed they are on the increase.

Mr. Ross (Kingston): They are on the increase. They are getting to the acute stage now, whereas they have, just as Dr. Kee knows, dementia praecox. It is easy to say it is not due to service, but I would doubt if there was not some medical relation.

Dr. KEE: Perhaps lack of evidence, which has not been obtained, would if secured, help these cases of which you speak.

Col. THOMPSON: Of course there are many cases which have been recently pensioned. I mean when I say "recently" even up to the present time,—mental cases, dementia praecox and other mental conditions, where we are admitting it is related to service, on account of the history of service.

Mr. Ross (Kingston): But they are debarred now?

Col. THOMPSON: No, not if there is any notation. You are talking of where there is no notation?

Mr. Ross (Kingston): Where there is no notation. It is only a medical man who can show where something has happened on service, which would be a symptom so to speak.

Dr. KEE: There is a point in the number of cases you were asking about, Mr. Thorson, that is the number of cases are so small now, on account of the extension of the time limit last year, that as you get farther away from the war, these increases would naturally take place.

Mr. McPHERSON: You have to take into consideration also that any extension of the time limit will be of more importance if you adopt, for instance the *prima facie* proof of illness, in the other part of the Act, or adopt some of the suggestions that they were going to look after the burnt-out men. For instance, the whole thing with regard to the true limit would be easy enough to fix if the Act was not going to be changed somewhere else, but if you are going to adopt the one and not the other, care must be taken that in the extension in one case and the restriction in another you are not going to throw it wide open to cause, time, effect and degree. The Committee will have to consider it here all at once.

The CHAIRMAN: No. 9, Section 20.

Col. THOMPSON: Subsections 4, 5, and 6: I find that the Minister has a suggestion to make with regard to them, and I am prepared to discuss this one now, the one made by the veterans.

By Mr. Thorson:

Q. Will you discuss them both together, Col. Thompson?—A. Section 20 provides, paragraph 4. (Reading):

The unpaid balance of pensions due to a deceased pensioner shall not be deemed to form part of the assets of his estate.

5. The Commission may, in its discretion, pay such balance to his widow or children or to any other person who has been maintained by him, or may apply it, or a portion of it, in payment of the expenses of his last sickness and burial.

6. If no order for the payment of such balance is made by the Commission such balance shall be paid into the Consolidated Revenue Fund of Canada.

At present, there is a discretion vested in the Commission as to what disposition shall be made of the funds in question. For instance, if a man has been discharged fit, and there may be a notation on his documents, and after estab-

[Col. Thompson.]

lishing his claim there is a retroactive pension coming to him; or, for instance a man makes an application for pension and his claim is disallowed, and perhaps one, two, three or four years afterwards, he establishes his claim, and there is a large or small retroactive pension coming to him but he dies before that money is actually paid in to his pocket—the Commission has got a discretion as to what shall be done with that money. We can pay it in to the Consolidated Revenue Fund, or we can pay it in the various ways mentioned in the Statute. The proposed amendment will make it part of the man's estate.

Mr. THORSON: Are you sure of that?

Mr. CLARK: Yes, that is the agent.

By Mr. Thorson:

Q. That is one of the suggestions, the suggestion of the Legion, to make it part of the man's estate?—A. Yes, to make it part of his estate. That is a two-edged sword, as a matter of fact; it cuts both ways. For instance, if it is a part of his estate, and some friend, a lodging-house keeper, or some other person has been maintaining him, and if he files a claim, the money then would not go to the widow or the father or mother. If it were a part of his estate, a judgment would be obtained against him for his maintenance. At present, the practice of the Board is as follows: This is approximate; if such an award is made and there is a balance on hand to be paid, if there is a widow, the whole is paid to the widow; or paid to his administrator for the children when they attain their majority. If there is a father or mother who has been maintaining the deceased, we will pay them to the extent of the bills incurred. If it is a lodging-house keeper, or friend who has been keeping the man possibly for one or two years, during which he has been unable to work, we will pay such friend to the extent of reasonable lodging and bills that may have been paid, and then the balance will be paid in to the Consolidated Revenue Fund. The reason for that is, if there is a balance in hand after paying such bills, and for instance, the money is not paid to the parent, if the parent is dependent we will place such parent on pension instead of paying his balance. If the balance were paid, then, there would be no pension under the Statute.

By Sir Eugene Fiset:

Q. Does that apply to that case?—A. Yes.

Q. If there is a balance, and the father or mother were maintaining the man, you would either give them a pension and make no payment on the balance of the claim, or you would pay the balance that is due to the deceased, and no pension?—A. No, that is not quite accurate. Supposing for instance, there is a parent living in Hull, and this man is living in Manitoba, and he has been supported during his last illness by a lodging-house keeper. We will pay that lodging-house keeper to the extent of her bills, and pay the doctor's bills, or any hospital expenses that are reasonable, and credit the rest to the Consolidated Revenue Fund, and we will not pay it to the parents. On the other hand, if that parent or parents living in Hull were in a dependent condition, and entitled to a pension, we would place them on pension rather than pay to that fund.

By Mr. Thorson:

Q. I notice, Colonel Thompson, the words in subsection 5 "in its discretion" are left out of the Minister's or the Department's suggestion?—A. The Minister's suggestion is that such balance should not form part of the man's estate.

Q. Leaving aside that part: have you subsection 5 before you?—A. Yes, I see it.

[Col. Thompson.]

Q. Is there anything important in the words "in its discretion"? Does that make any difference in the proposed suggestion by the Department?

The CHAIRMAN: It would nullify to a certain extent the first clause that it shall form part of the estate.

Mr. THORSON: No, I think not.

The CHAIRMAN: It directs that the pension shall be paid in a certain order.

Mr. THORSON: Yes, that is what I am getting at. This is subsection 5. On the Minister's suggestion, the Commission may direct the payment of such balances, and so on. Would you interpret that as directing the Commission to pay in a particular order?

WITNESS: I can explain that, I think. Under the Pensions Act, the Board of Pension Commissioners are directed to pay pension. Now, as a matter of fact, for seven years they have not paid. The staff was taken away by Order in Council, and we have no staff or money with which to pay. The payment is made, as a matter of fact, by the Department of Soldiers' Civil Re-establishment. And, therefore, the Statute as it now stands while it directs us to pay such balance, as a matter of fact, we have no money to pay with, there is no fund granted to us. So, in view of that, I think as the payment is actually made by the Department of Soldiers' Civil Re-establishment, the wording is as suggested, "The Commission may direct the payment." I think that is the reason for it.

By Mr. Thorson:

Q. I am considering the words "in its discretion", which were left out

By Mr. Adshead:

Q. Does not the word "may" imply that?—A. Yes, I would think that that would make some difference. Just what difference, I do not know.

By Mr. Thorson:

Q. Under the present Act, you are required to pay, but you have no money with which to pay?—A. No.

Q. So that this suggestion is made that your powers should be changed, and you merely direct the payment?—A. That is it.

Q. But you are required to direct the payment in a certain order? And the point I am raising is, whether the deletion of the words "in its discretion" may not compel you to pay in a fixed order; whereas under the present practice, you are not bound by any particular order of payment; you may pay the one in preference to the other?—A. I do not see that. I doubt if there is any question of priority. I doubt it; I would not think so.

By Mr. McPherson:

Q. The same clause says further down that it may be directed to be paid in another manner?—A. That is going to be limited.

By the Chairman:

Q. What is the effect if you leave out the discretion?—A. The discretion was of a general nature. That is, we could pay it to any of these people, or pay it to the Consolidated Revenue Fund. Under this amendment, the moneys will go to some person. Although I do not know who it will go to if there are no dependents.

Mr. McPHERSON: Is not your suggestion this, Mr. Thorson: They could pay it in their discretion; under the amendment, would they not be bound to pay it to the widow?

[Col. Thompson.]

Mr. THORSON: If there is a widow. Then the point may be raised that they must direct the payment to the widow; if there is no widow, then they must direct payment to the children; if there is neither widow nor children, then, and then only they may direct payment to a person who has maintained. That is the point I make, because, something may turn on the word "may".

Mr. ADSHEAD: What effect has the word "either" there?

Mr. THORSON: I think this may lead to contention, and particularly in view of the interpretation sometimes put on the word "may". It is sometimes felt to mean "must".

Mr. ADSHEAD: Or "shall".

WITNESS: I will direct my attention to that order of priority.

Mr. THORSON: That is what I thought. There might be a purpose in leaving the words "in its discretion" out, in order to compel payment in a particular order.

The CHAIRMAN: The word "either" has been brought up by Mr. Adshead, that it might be either to the pensioner's widow or child, and not to both.

Mr. ILSLEY: "And" is it not?

Mr. THORSON: Yes. "And—or". I see difficulties in the interpretation of that section.

The CHAIRMAN: I like the old section better.

Mr. THORSON: Except that the old section is anomalous. They could not pay when they have not money appropriated to them.

WITNESS: I think the other, the original section, was clearer; "may in its discretion direct" and so on.

By Mr. Thorson:

Q. In order to show clearly that there is no matter of compulsion, and that "may" does not mean "must"?—A. Yes, does not mean "must"; "may in its discretion direct such payment." There is an amendment though that would appear to be very proper. The original section said that we may pay to a person who has been maintained by him. Now, in all the cases we have come across, where there is a balance afterwards, he must be maintained by someone. Generally, he is ill and has no money. There is no provision in the original section, except that we do, as a matter of fact, pay to the person who maintains him during his last sickness and burial. It is limited to that, you see. And, as a matter of fact, the cases of maintenance that come to our attention are always proven to the extent of sometimes one or two years of maintenance by someone else. We call that his last sickness and burial. It would appear that this amendment of the Minister's is a very appropriate one: "Who had maintained him."

By Mr. Ilsley:

Q. Did I understand you to say, subsection 6 was to be omitted or changed?—A. No, that was my error. That remains. I was in error when I said that came out. I think that if the original section stood, and the section in the present Statute were brought into conformity with the present practice by amending the words "may pay" to "direct the payment", and then also include these people who have maintained the man, that would be a better interpretation.

By the Chairman:

Q. You have given a pretty wide interpretation to the words "Last sickness," have you not; if you have included the period of the last three years?

[Col. Thompson.]

During at least part of it he may not have been sick at all?—A. No, we limit it to the case where the man has been maintained.

Q. He might have been maintained, and not sick. I am not criticising it, however?—A. As a matter of fact, it has always been a case of continuous sickness during the whole period.

By Sir Eugene Fiset:

Q. Colonel Thompson, have you any idea of the amount of those balances which have been paid? Is the amount large?

Mr. PATON: That is unpaid balances which have been disposed of, or balances which have been paid into the Consolidated Revenue Fund under Section 6. I think I might be able to get that for you, but I am not sure.

Sir EUGENE FISET: Can you give us an idea of the amount paid to the Receiver General?

Mr. PATON: The amount that has been credited to the Receiver General? I can get that, yes.

Sir EUGENE FISET: Is that credited to a special account?

Mr. PATON: I could not say.

Mr. ADSHEAD: Having once been credited to the Receiver General, it cannot be taken off?

Mr. PATON: It can be taken off, if the instructions say it should be.

Mr. ADSHEAD: That is, for that particular case?

Mr. PATON: For any particular case, where the Commissioners consider that justice will be served.

Mr. ADSHEAD: If a man's pension reverts to the Consolidated Revenue Fund, the particular amount that has gone to that particular pension cannot be applied to any other pension?

Mr. PATON: Oh, no.

Mr. SANDERSON: Are there many instances where you have received amounts back from that account.

Mr. PATON: I should say that there are quite a few cases where we have done that.

Sir EUGENE FISET: The D. S. C. R. does not vote every year the amount of money that may be reclaimed by the Board of Pension Commissioners; you get it by application to the Treasury Board.

Mr. PATON: We give instructions to the D.S.C.R., and they act on those instructions.

Mr. THORSON: They are the custodians of the fund?

The CHAIRMAN: The next suggestion 10 has reference to Section No. 22.

Col. THOMPSON: Sub-section 1 of the Section reads as follows:

22. No pension shall be paid to or in respect of a child who, if a boy, is over the age of sixteen years or, if a girl is over the age of seventeen years, except when such child and those responsible for its maintenance are without resources and

(a) such child is unable owing to physical or mental infirmity to provide for its own maintenance, in which case the pension may be paid while such child is incapacitated by physical or mental infirmity from earning a livelihood: Provided that no pension shall be awarded unless such infirmity occurred before the child attained the age of twenty-one years; and that if such child is an orphan the Commission shall have discretion to increase such child's pension up to an amount not exceeding orphans' rates;

[Col. Thompson.]

- (b) such child is following and is making satisfactory progress in a course of instruction approved by the Commission, in which case the pension may be paid until such child has attained the age of twenty-one years.

At the present time, discretion is vested in the Commission as to whether or not a pension should be extended to children.

The CHAIRMAN: The first suggestion is with regard to the words "without resources," and there is a further suggestion that the word "adequate" be added.

Col. THOMPSON: My suggestion to the Committee is that a more proper word than the word "adequate" be inserted there.

Mr. ADSHEAD: What is the word?

Mr. THORSON: What word do you suggest?

Col. THOMPSON: There is the difficulty.

The CHAIRMAN: As a matter of fact, have you been refusing pensions because it could not be shown that the people were absolutely destitute. "Without resources" I take to mean, destitute.

Col. THOMPSON: Oh, no.

The CHAIRMAN: That is the interpretation put on the words "without resources" by the Legion, and others.

Mr. THORSON: That is, the words "without resources" mean that the applicant must show that he has no resources at all.

Col. THOMPSON: Oh, no, we do not interpret it in that way.

Mr. THORSON: So they suggest that the word "adequate" be put in.

Mr. MACLAREN: I would suggest the words, "necessary resources."

Mr. ADSHEAD: Why do you object to the word "adequate?"

Col. THOMPSON: Supposing there is a widow with one child. That widow is receiving a pension for herself and for the child. She gets \$50 a month, and the child gets a pension. If we were to consider anything in the way of money resources, the pension to the child would be extended. If the child is making proper progress, we will extend that pension.

Mr. THORSON: What objection would there be to the inclusion of the word "adequate?"

Col. THOMPSON: Merely on the ground that it is very indefinite.

Mr. McLEAN (Melfort): Would "reasonable" be a better word.

Sir EUGENE Fiset: Is it not a fact that in your anxiety to watch the public fund, you do interpret that clause rather strictly?

Col. THOMPSON: I do not think so. Other people may think so, but I do not. I may say that there are a number of children where there are no resources in the family, outside of their pension, and so on. Perhaps the man is on a small pension and earning a small wage. We will refuse the pension, not on the ground that the man has resources, but on the ground that the child will make no reasonable progress at all, even after twenty years or more.

Mr. THORSON: I understood that the Board interpreted the words "without resources," as meaning destitute.

Col. THOMPSON: That is not so.

Sir EUGENE Fiset: If you put "adequate" in there, you would be in exactly the same position. I do not see that you could give a better interpretation than you are giving at present.

The CHAIRMAN: The Auditor General might ask for the evidence that these people were without resources, and the Pension Board might be in trouble. If the word "adequate" were in there, it would imply that they have some discretion.

[Col. Thompson.]

Col. THOMPSON: We interpret "resources" approximately as follows: if a man, with his pension plus his earnings, is able to contribute to his exchequer, at the end of the month, approximately what would be paid to a Civil Service clerk with a family, we will say he has resources.

Mr. ADSHEAD: Sufficient resources?

Col. THOMPSON: Some people would say not, while others would say that he was living in comparative luxury.

Mr. CLARK: What does that amount to per month?

Col. THOMPSON: I would consider that anything equivalent to 100 per cent pension would be adequate.

The CHAIRMAN: \$100 per month.

Col. THOMPSON: Yes. There are a number of people living on that amount at the present time.

Mr. CLARK: If he was receiving less than \$100 per month, you would consider him without resources?

Col. THOMPSON: From all sources, yes.

Mr. McLEAN (Melfort): Does not the fact that the child is unfit physically have anything to do with it?

The CHAIRMAN: We are discussing the words "without resources." There has been a suggestion made by the Legion that we should insert "adequate."

Mr. McLEAN (Melfort): You have to consider the three clauses together. The whole thing is, if a boy comes to the age of sixteen, is in good health and sturdy, and is not engaged in a course of study, the assumption is that he should be able to take care of himself.

Mr. ILSLEY: You have to read the whole thing together, and I have an idea that that is the basis upon which the Board is interpreting the section.

Col. THOMPSON: In the alternative, if the child is unable to carry on, due to physical or mental incapacity, then the pensioner receives an allowance in proportion to the extent of his disability, all of which is laid down in the schedule.

Mr. ILSLEY: But even in that case the child does not get a pension, if the child, or those responsible for its maintenance, have resources. That means resources adequate, sufficient, or somewhere in proportion to its necessities in the way of maintenance or livelihood. Those are the words used, and I think that is the way the whole section should be interpreted. Subsection (b) is taken up on a different basis. Here is a child that wants to go to college, or is already going to college, and is getting money to continue his course in college. If that is true, then the child is without resources, or those responsible are without resources. It seems to me that "resources" must be construed with reference to subsections (a) and (b), just as Mr. McLean says. It seems to me if you put the word "adequate" in there, it would be precisely the same. It would be adequate for those purposes, adequate for the purpose.

The CHAIRMAN: It would not hurt to put it in.

Mr. McLEAN (Melfort): I do not think it would help at all.

The CHAIRMAN: That is probably a matter for discussion afterwards.

Mr. CLARK: The interpretation that a man who has an income of less than \$100 per month is without resources, is questionable, I would say, legally. There is also this question: do we want the widow, who is trying to send a couple of boys to school, to continue their education? Do we want to debar her from receiving that assistance when she is getting a little over \$100 per month. I think the word "adequate" would cover the case.

Mr. McLEAN* (Melfort): That is provided for under subsection (b).

[Col. Thompson.]

Mr. McPHERSON: If you put the word "adequate" in there, you give the Board of Pension Commissioners a legal discretion, which I doubt they have now.

Sir EUGENE Fiset: But which they are applying.

Mr. ADSHEAD: They are exercising it, but not legally.

Mr. CLARK: I do not know how they can consistently apply it. How can that discretion be exercised in section 2?

Col. THOMPSON: I do not know that it will apply to a widow; I was referring more to the man with a family.

Mr. CLARK: I have a case in mind where three boys have all gone to the University, and allowances have been made. If I am not mistaken, the widow's pension alone is in excess of \$100 per month. How could she be considered as being without resources? That figure includes the allowances.

Col. THOMPSON: Well, that would be part of it.

Mr. CLARK: But you do not stop it when it reaches \$100 per month?

Col. THOMPSON: I was referring to the money coming in apart from the allowances in respect of the children. Supposing this widow that you speak of was receiving \$100 per month, apart from the children's pension, I doubt whether we would extend it. But, if her own money, plus the pension to the boys, amounted to even over \$100 a month, I think we could probably extend it for those children.

Witnesses retired.

The Committee adjourned until Tuesday, March 20th, at 4.00 p.m.

TUESDAY, March 20, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 4 o'clock, p.m., the Chairman, Mr. C. G. Power, presiding.

The CHAIRMAN: Yesterday we were discussing No. 10 of the suggestions of the Legion and the amendment to Section 22 of the Act. We had finished with No. 10 and we were going on to No. 11, Section 22, Subsection 1-A.

COLONEL JOHN THOMPSON, JOHN PATON, and DR. R. J. KEE, recalled.

Sir EUGENE Fiset: Are we through with Section No. 22?

The CHAIRMAN: This is sub-section 1-A of section 22, which is now being discussed.

Col. THOMPSON: No. 11. The proposal is, to amend section 22A, referring to children. The Statute reads:

22. No pension shall be paid to or in respect of a child who, if a boy, is over the age of sixteen years, or, if a girl, is over the age of seventeen years, except when such child and those responsible for its maintenance are without resources and

(a) such child is unable owing to physical or mental infirmity to provide for its own maintenance, in which case the pension may be paid while such child is incapacitated by physical or mental infirmity from earning a livelihood; Provided that no pension shall be awarded unless such infirmity occurred before the child attained the age of 21 years; and that if such child is an orphan the Commission shall have discretion to increase such child's pension up to an amount not exceeding orphans' rates;

The proposed amendment affects the proviso. The word "child" I might say, is a misnomer. It means a son or a daughter. A child, in the ordinary sense of the word means a son or daughter who has not reached his or her majority or maturity. The word "child" is used in a very loose sort of way, throughout the section.

You will see by the wording of the proposed suggestion that the purpose of this amendment is to remove the arbitrary restriction which curtails the discretionary powers of the Commissioners. For instance, it is but natural that a boy in his twenties would, if incapacitated, return to his home thereby creating a drain on the pensioner's resources. The law at present is this, that if a child under the age of twenty-one years (boy or girl) becomes incapacitated either mentally or physically, the pensioner is entitled to an allowance for such child or children so incapacitated, and that allowance is graded according to the extent of his pension. In the case of a man receiving a five or ten per cent pension the allowance for such a child is very small. But if a son or daughter attains the age of twenty-one years and subsequently becomes incapacitated either mentally or physically, no allowance is payable for such child or children so incapacitated, whether a boy or a girl. The proposition now is, that if a son or daughter attains the age of twenty-one years, and then becomes incapacitated

[Col. Thompson.]

tated, the pensioner shall receive an allowance for such incapacitated child, and that allowance of course, would be in proportion to the amount of pension the pensioner is drawing in respect of his own disability. That allowance is all set out for the various degrees of disability in the schedule. The effect of that amendment would be as follows: If a son or daughter, at forty or fifty years of age, became incapacitated, or unable to earn a livelihood, that child would be entitled to an allowance, or rather the pensioner would be entitled to an allowance; and if the parent died, and his death was related to service, and that boy or girl lived to be sixty, seventy, eighty, or ninety years of age, and then became incapacitated, that boy or girl would be entitled to a pension, and not only that, but entitled to it at ordinary rates, because his father was dead. That would be particularly so if the death was related to service, and the mother was dead. If the mother was alive, and the husband's death was related to service, in all probability, the rate would be ordinary rates for that so-called child, although that so-called child might be seventy years of age. It would cover all cases of that nature.

By Mr. Adshead:

Q. Supposing the disability occurs before the child is twenty-one, and then continues after he is twenty-one, and he is living with the pensioner; does the pension go on as long as the boy is unable to earn a living?—A. He carries on, yes.

Q. But this new proposition would apply after he was twenty-one?—A. Yes. In other words, supposing a man died now, and his death was related to service, and he leaves five children, and the man's widow dies, if those children should be alive fifty years hence, and become incapacitated from earning a livelihood, and have no means which would make them independent, under the Statute they would be entitled to pension.

The CHAIRMAN: I think we understand that suggestion.

Sir EUGENE Fiset: I was under the impression that the Legion had dropped that clause.

The CHAIRMAN: No, they had not dropped it; they insisted on it.

Mr. CLARK: There were certain other sections related to that.

The CHAIRMAN: We are coming to them, under Section 22.

Mr. THORSON: Section 22, 1(b).

WITNESS: There is a further suggested amendment to Section 22, contained in the Veterans' suggestion No. 12—the proposal to amend paragraph (b) of Section 22. As I read before from the Statute, pension ceases in the case of a boy of 16, or in the case of a girl at 17, unless (a), they are incapacitated, and so on, and that is the one under consideration now; (b) "Unless such child is following and is making satisfactory progress in a course of instruction approved by the Commission, in which case the pension may be made payable until such child attains the age of 21 years."

By Mr. Thorson:

Q. The question was asked, when we were discussing that section with the Legion, as to the interpretation which the Board has placed on the words "satisfactory progress"?—A. I can give you no general statement on that.

Q. It was suggested that the Board had to be satisfied that the child was making exceptional progress?—A. Not always, no, because sometimes a child had not made satisfactory progress on account of an illness which was related to education, and we continued the pension.

Q. What does the Board consider to be satisfactory progress in the case of a child? I realize that my question is perhaps a little general, but does it

[Col. Thompson.]

require progress over and above the average progress made by persons of that age attending school?—A. Over and above that, no. We would continue it for a year or more, probably.

Q. Is satisfactory progress, average progress?—A. Average progress would be considered satisfactory, yes. That would be for a year or so beyond the time limit mentioned in the Statute. But, before we would carry it on much beyond a year, we would want something more than ordinary progress. General Clark mentioned a case the other day, not giving the names. I have a recollection of most of the circumstances; it was a widow, with, I think, three children. They were exceptionally brilliant students, and those were continued well beyond the age limit, I think.

By Sir Eugene Fiset:

Q. What is the age limit?—A. Sixteen with regard to boys, and seventeen for girls.

Q. Do you remember what the position is under the Pension Act?

Mr. ADSHEAD: It goes on to 21.

WITNESS: We receive, for instance, an application for extension of pension, in respect of a girl or boy who is not mentally up to par, but is not abnormal. That child is, perhaps, 16 or 17. The teachers invariably send in a certificate that the child had made satisfactory progress. There are a number of instances, quite a large number of instances, where it would appear from the medical opinion that the child is not likely to benefit to any degree from the course of study it is attempting.

Sir EUGENE Fiset: It would be well to know what age has been specified in the other Acts, such as the Civil Service Act.

The CHAIRMAN: There has been no suggestion that the Act be changed generally. The only suggestion is that pensions be continued after the age of 16 and 17, if they are making satisfactory progress.

Sir EUGENE Fiset: That is what I am asking. I think in the Civil Service Pension Act, there is also provision for the children, and it is stated also in the Pension Act.

The CHAIRMAN: There is a provision for their being educated, which they do not have if they are not being educated.

Sir EUGENE Fiset: When it came up, the age was increased to 21. When we are dealing with soldiers, I have a great deal of sympathy.

The CHAIRMAN: We are discussing the suggestion of the Legion, which does not ask that the general provision be raised.

Sir EUGENE Fiset: I will ask for certain information for discussion, afterwards.

Mr. McPHERSON: The Legion is asking as to what is "satisfactory progress", that other evidence shall be substituted.

The CHAIRMAN: Some of which cannot be obtained. If we ask for a certificate of progress in some of the provinces, we are unable to get it.

By Mr. Adshead:

Q. This speaks of a course of instruction approved by the Commission. Does the Commission attempt to say to the parents of the children what course of instruction they shall follow?—A. No.

Q. Has it to be approved of by you and shown that he is following that course of instruction?—A. It is always mentioned in the application.

[Col. Thompson.]

Q. "Approved by the Commission". You have to approve of the course he is taking?—A. No. It might be a course which is quite futile, so far as earning a living is concerned.

The CHAIRMAN: A boy might be taking a course of elocution in order to become a member of Parliament.

WITNESS: Yes, a boy might not be attending school, but attending technical classes.

By Mr. Adshead:

Q. Yes? And what then?—A. We almost invariably continue those cases, I think.

Q. But if he is attending an academic course, you do not always?—A. Not always, no; we do not.

Q. You have the right of approval; that is, you cut off the pension if the course of instruction is not approved by you?—A. Yes. As a matter of fact, that question has very rarely arisen, as to whether the course is one we would approve of.

Q. You said if he was attending a technical school, you would approve of it?—A. Always.

Q. But if attending an academic course, you would not?—A. Yes, but that is not the governing principle or idea. The question is whether the Board considers that it would be better for the boy to continue.

By the Chairman:

Q. Are you prepared to discuss the suggestion of the D.S.C.R.?—A. The only comment I have to make on that suggested amendment of the Veterans is that, if the Committee approves of the principle, I would suggest that the pensions of the boys and girls automatically be extended to 21 years of age; because, there is not a question in the world but that it will be a mere matter of routine involving trouble and delay to the applicants and expense to the administration to check up or get the certificate required, and that should be done automatically, such as suggested there; there is no question about it.

By Mr. Thorson:

Q. You think it would be automatic?—A. Yes, it would become a matter of course.

Mr. CLARK: Mr. Chairman, while I do not agree with the Legion's suggestion, if the certificate from the Department of Education of the Province cannot be obtained, I think we might consider an alternative. When a boy passes the age of 16, he ought to be either just about to go up for his matriculation, or to have passed it. I think we could reasonably set an age when a boy is beyond high-school education. It might be 17. And as to matriculation, I think the standard is common throughout the country.

Mr. McPHERSON: What about Quebec?

Mr. CLARK: I am not sure about Quebec. But it is about the same in the other provinces. It is just to set a standard, and I mentioned one that is fairly common. We could fix an age, it might be arbitrarily; say 17, and beyond that no boy would be entitled to this allowance for continued education unless he had passed his matriculation by a certain age. When he gets beyond that, and it is considered desirable to send him to the university, there I do not think you will get the certificates automatically, because every university that I am familiar with have laid it down pretty arbitrarily that if a boy does not pass his examinations, he is kicked out. Therefore, you cannot get certificates, and I would say that if you could secure from the president, or principal of the university, a certificate that the boy is making satisfactory progress, that ought to be sufficient for his continued course at the university.

[Col. Thompson.]

The CHAIRMAN: The suggestion of a certificate from the Department of Education of the province or from such other authority, or person, as the Commission may, in any case determine, might, I think, cover General Clark's suggestion. The objection I would have to General Clark's idea—if this enters into the discussion of it—would be that we would have to raise it to, say, 17 for a boy.

Mr. CLARK: No, he would have to produce a certificate if he were in high school, and if he is beyond the age of 16, he would have to produce some certificate. I have not given it any consideration, but that just occurred to me, that that might be left, as it is now, to the Board of Pension Commissioners to determine whether in order to finish that high school education, the pension should be continued, but beyond a certain age, where he should be in the university, then a certificate from the principal or president of the university should be sufficient to enable him to continue.

Mr. THORSON: Do you not think that perhaps the language of the suggestion would be wide enough to cover what you have in mind, General Clark? I am referring to the language of the suggestion made by the Minister, suggestion No. 7.

Mr. CLARK: That is the certificate from the Department of Education?

Mr. ADSHEAD: Or from the University.

The CHAIRMAN: We must leave some discretion for the Board of Pension Commissioners.

Mr. MACLAREN: The principle of pension is on the basis of value in the common labour market, is it not?

The CHAIRMAN: Yes.

Mr. MACLAREN: And we are now discussing the question of allowances to children for university education. It seems to me that we are working on a different plane altogether, when we get to the children.

The CHAIRMAN: I cannot see why the son of a man, who is receiving a pension on the basis of a common labourer, should not have the right to a university education.

Mr. MACLAREN: Nobody is denying that right.

The CHAIRMAN: We should try to make some provision to help him get that education.

Sir EUGENE Fiset: It is the pension of the pensioner that is based on the common labour market, not of the child.

Mr. SPEAKMAN: The pension paid to the child would be based on the pension received by the parent, which in turn would be based on the common labour market?

MACLAREN: How about the rate for a child of a private pensioner, and the child of a colonel pensioner?

The CHAIRMAN: The children are the same.

Mr. ADSHEAD: Are you sure of that?

The CHAIRMAN: It depends on his disability, irrespective of his rank at the time he suffered the disability.

Mr. ADSHEAD: The child of a colonel receiving a pension for a certain disability gets greater allowance than the child of a private?

The CHAIRMAN: No.

Mr. ADSHEAD: It is equality of pensions for the children?

The CHAIRMAN: Depending on the disability.

Col. THOMPSON: The allowance for one child runs from \$9 to \$180 a year; for two children, runs from \$18 to \$324.

[Col. Thompson.]

Mr. THORSON: For all ranks?

Col. THOMPSON: All ranks. And for each additional child, that is, subsequent to the first two, it runs from \$6 to \$120. If there are three children, a man might receive \$624.

The CHAIRMAN: A private, totally disabled, with three children, might receive \$1800, approximately.

Col. THOMPSON: He might receive more than that.

The CHAIRMAN: His wife would get something.

Sir EUGENE Fiset: If the suggestion of Colonel Thompson were accepted, and the age limit raised to twenty-one years, allowing the law to remain as it is at the present time, I wonder if that would be satisfactory to the Legion?

Mr. McPHERSON: It just wipes out the restrictions, that is all.

Sir EUGENE Fiset: It seems to me that it would make for much easier administration. We are going to complicate the administration of this Pension Board to such an extent that it will be impossible of administration.

The CHAIRMAN: We would not complicate it by the amendment proposed. We would take away some of the discretion of the Board of Pension Commissioners, or, at any rate, make it clear as to what the intent of the Act is.

Mr. CLARK: I have read this amendment, and it seems to me that it only expresses what is now the practice. I believe it makes it more difficult for a boy over sixteen years of age to secure that allowance, because, at the present time, if I remember correctly, there is no certificate required from a duly qualified medical practitioner.

The CHAIRMAN: Yes.

Mr. THORSON: This is really what the Legion wants.

The CHAIRMAN: Let us hear from Colonel Thompson as to what evidence is now required by the Board of Pension Commissioners, before that discretion is exercised, and the allowance continued for a boy after he reaches the age of sixteen.

Col. THOMPSON: It depends on the pension, plus the earnings of the man, and the progress made by the child, consistent with its age.

Mr. CLARK: Is there any certificate required from a duly qualified medical practitioner?

Col. THOMPSON: No. On the other hand, if a medical practitioner furnishes a certificate that the child has been delayed on account of illness, we extend it.

Mr. CLARK: This amendment would require a certificate in every case?

Col. THOMPSON: That the child was fit?

Mr. CLARK: Yes.

Col. THOMPSON: As a matter of fact, it is because the child is physically unfit that we extend it.

Mr. CLARK: But this would add another condition that does not now exist, is that right?

Col. THOMPSON: Yes.

Mr. CLARK: Is a certificate of good character, signed by some responsible person, required now?

Col. THOMPSON: No.

Mr. THORSON: You would not continue instruction if you were satisfied that the child was physically and mentally unfit to continue it?

Mr. McPHERSON: He might be sick.

Col. THOMPSON: With diphtheria or scarlet fever. He may have been ill during broken periods of two or three years, and delayed in his education. We would extend it in such cases.

[Col. Thompson.]

Mr. THORSON: This would not interfere with that practice?

Mr. CLARK: Yes, it would.

Mr. THORSON: Because the application would not be made for extension until he is physically fit to continue.

Mr. CLARK: But, in the meantime, it would be discontinued because he was not fit.

Mr. McPHERSON: I think the suggestion boils down to this: we are taking away the discretion of the Board of Pension Commissioners, and there is a suggestion that we put a definite statutory restriction on it, and the deciding factor will be some other form which will be satisfactory to the Board of Pension Commissioners. It looks to me as if we are not helping the soldiers.

Mr. THORSON: You are just switching the discretion?

Mr. CLARK: You are surely not helping the soldiers by putting this suggestion of the D.S.C.R. in the statute. You are hindering the possibility of continuing the education.

Mr. McPHERSON: The only fault that could be found at present is that the Board did not exercise their discretion properly. Under the amendment, they are going to ask somebody else to give them a report.

Mr. CLARK: Not according to this.

Mr. McPHERSON: According to the second part.

Mr. CLARK: That is, the certificate from a duly qualified medical practitioner.

Mr. McPHERSON: The second part of the first clause—by such other party or person whom the Commission may indicate.

Mr. CLARK: They give that now.

Mr. McPHERSON: The discretion is as to where they get their certificate, instead of using their own discretion.

Mr. CLARK: That still leaves it open to them to use their own discretion as to where they get the certificate, and that is exactly what it is now. I do not think this proposal helps it a bit.

Col. THOMPSON: I might say that there is very little difficulty with regard to backward children, or infirm children, or brilliant children.

Witnesses retired.

The Committee adjourned until Wednesday, March 21st, at 11 a.m.

WEDNESDAY, March 21, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Vice-Chairman, Mr. McPherson, presiding.

Sir EUGENE FISET: Regarding the matter Mr. Adshead and I were to take up with the Prime Minister, referring to a French reservist, I have a letter here addressed to the Hon. the Prime Minister. (Reads):

OTTAWA, March 21, 1928.

MY DEAR PREMIER,—

The Special Committee on Pensions and Returned Soldiers' Problems has studied the case of Private Justin-Louis Durand, a French reservist who was receiving a pension from the French Government up to about the 5th of July, 1927. This man took out naturalization papers here on the 31st of July, 1919. On the 8th of January, 1927, he received a first official notification from the French Consul General at Montreal that, owing to his having been naturalized as a British subject, he has lost his right to the pension he was receiving from the French Government, for 65 per cent disability.

Moreover, Mr. Durand has been notified that he will be asked to reimburse the total amount of pension money he has received since the date of his naturalization as a British subject.

The Committee is not in a position to make a recommendation, as there is no provision in the present Pension Law covering the case of a man having served with the Allied Armies. We hope, however, that you may see your way clear to take the matter up officially, through the Department of External Affairs, direct with the French Government, setting forth the circumstances relating to this special case.

We believe that such action would be effective and that the French Government would give due consideration to official negotiations. We would therefore be extremely obliged if you would kindly take the necessary steps, through our High Commissioner in Paris, Mr. Roy, with a view to having this matter adjusted.

I would also appreciate an answer from you, which I could place before the Committee at the earliest possible date.

Thanking you in anticipation, I remain,

Yours very truly,

EUG. FISET,¹

H. B. A.

The Right Hon. W. L. MACKENZIE KING,
Prime Minister,
Ottawa.

¹ Inadvertently omitted in day-to-day printed proceedings. See Minutes of March 23rd.

Col. THOMPSON: General Fiset asked regarding the regulations in the Civil Service where a civil servant, who has been superannuated, dies and leaves a child or children. The regulations provide that there shall be paid on account of each child, under the age of eighteen, an additional amount to what the man was receiving, or would be receiving, the total amount payable in respect of each child not to exceed \$300 per annum.

Sir EUGENE FISET: That is two years longer than the pension law?

Col. THOMPSON: Two years with regard to a boy, and one year with regard to a girl. There is no extension thereafter. It might be of interest to the Committee to know the American and British regulations. The age limit for boys and girls is sixteen years, in the case of Great Britain, and there is no extension after that. If a man is discharged from the forces with a disability, and, at the time of the discharge, he has a child, he receives an allowance for that child, but if, after the expiration of nine months, a number of children are born, there is no allowance made whatsoever with regard to any child, or children, born after such expiration of time, namely, nine months. In the United States, the regulations are that there shall be paid on account of each child, under the age of eighteen, one-tenth of the amount the man is receiving, or would have received. There is no provision for an extension for education.

Sir EUGENE FISET: Have you got the figures showing the number of children that would be affected?

Col. THOMPSON: There are nearly 74,000 children on pension.

Sir EUGENE FISET: You realize what it would mean?

Col. THOMPSON: The number of children who matured, under the age limit, was slightly over six thousand. There were applications to extend the time limit in respect to 516 children, of that 6,000 odd. The Board extended the pension in regard to 331 children. That extension with regard to the 331 children amounted, in dollars and cents, to \$47,000 odd. The Board refused an extension of the time limit in respect of 185 children. Those refusals were mainly based on the ground that the pensioner had assets or earnings which, in the opinion of the Board, were sufficient to educate the child who had matured.

Sir EUGENE FISET: Nearly two-thirds of the cases that came before you were adjusted?

Col. THOMPSON: Were extended, yes.

Mr. ADSHEAD: You made a statement yesterday, Colonel, that in all cases where they were receiving technical education you at once endorsed it. You specially emphasized the fact of education of children in technical schools. It appeared to me that you were not quite so anxious to endorse their education if they were taking an academic course. Did I get the wrong impression?

Col. THOMPSON: I would say that we give special favourable consideration to children taking technical courses.

Mr. ADSHEAD: More than to those who were taking academic courses?

Col. THOMPSON: Yes.

Mr. ADSHEAD: Why so?

Col. THOMPSON: Because, as a rule, a child taking a technical course takes such a course because he is particularly interested in mechanics or construction, and, in the opinion of the Board, such child is, colloquially speaking, making good in its calling or profession. We find so many cases of those taking academic courses, that they do so merely to take up some very inferior clerical positions, which is not warranted by the extension of time in

[Col. Thompson.]

taking up their education. There are many children who are of something less than normal intellect. I would not say that they were defective children, but they are dull children, and, in the opinion of the Board, many of them will never amount to anything in their profession, if they take up a profession.

Mr. GERSHAW: Supposing a child was taking an academic course, with the idea of ultimately preparing to take a professional course, or something like that, on his own resources later on, you would not strike that child's pension off, would you?

Col. THOMPSON: No. It would depend, largely, upon the progress the child was making, and also upon the assets of the family. There are two considerations in the statute, namely, the assets of the family and the progress of the child in the school. There are a number of cases where we have continued children into the universities, and we will always do so where the I.O.D.E. give a scholarship to a child.

Mr. ADSHEAD: Why them especially?

Col. THOMPSON: They have certain funds for various purposes, and they have allocated quite a large sum to the education of children of former members of the forces. They make a very close investigation into the abilities of the child, or children, an investigation which the Board cannot make, because it has not the staff and is not in touch with the families. They make a very close investigation locally, and they only award the scholarship where the child is an exceptionally brilliant child. We thought it unfair that we should not continue the education of such a child, and leave this philanthropic organization to carry the whole burden. We have a working arrangement with them—not a binding arrangement—by which, unless there are exceptional circumstances, we will continue the pensions so long as the I.O.D.E. continue the scholarships.

Mr. ADSHEAD: I understood you to say that the reason you particularly emphasized a technical education was because you found that the scholars were particularly interested in that work themselves.

Col. THOMPSON: Yes. We feel assured, when a scholar is taking a technical education in the technical schools, that that education is going to actually benefit him.

Mr. ADSHEAD: Did you find that those taking academic courses were not particularly interested in their course?—Do I take the right inference from that?

Col. THOMPSON: I am not in position to say that they are not interested in their courses.

Mr. ADSHEAD: Not as interested as those taking technical courses; that is the reason you recommended it so strongly?

Col. THOMPSON: Yes.

Mr. GERSHAW: For what special reason does the Board encourage the bright child, when the duller child might really be more worthy of help?

Mr. ADSHEAD: And need it more?

Mr. McLEAN (Melfort): It is not a matter of worthiness on the part of the child, it is a matter of utility and making use of something.

Col. THOMPSON: Where an education is really going to produce results.

Mr. McLEAN (Melfort): Do you think that you are justified, as a representative of the State, in paying an allowance to a young man of eighteen or nineteen or twenty years of age, to take a course of study, before he really knows what he wants or intends to do? In this country, where a young man can get out and make his own way so easily, would it not be better to give a

[Col. Thompson.]

little more liberal treatment to the veterans themselves, than to worry so much over the young men and women from seventeen to twenty-one years of age?

Col. THOMPSON: There are a number of children who are taking further education in order to qualify for teachers' certificates. They can hardly get those certificates by seventeen or eighteen years of age. I would remind the Committee that the statute contemplates, and the effect of the statute is, that pensions shall cease at sixteen years, and at seventeen years, unless there is some good reason for extending the pension.

The VICE-CHAIRMAN: I take it from you that your real reason for dealing more generously, and more rapidly perhaps, with certain types of cases, is because the course of study they are taking has a direct objective in relation to the boy and girl becoming self-sustaining?

Col. THOMPSON: It has a direct relation to their future livelihood; the other is indefinite, they might do anything.

The VICE-CHAIRMAN: Submission No. 13 is along similar lines, the matter of the extension of time.

Sir EUGENE FISET: I think they should all be taken up together.

Col. THOMPSON: This is entirely a question for the Committee. It means that if a pensioner, in classes one to five, dies at any time in the future of some condition not related to service, his child or children would be pensionable. Presently, there is a time limit. If, for instance, years hence a pensioner, in classes one to five, was killed in a railway accident, or drowned, or died under any condition not related to service, his children would still be pensionable. I might say that the Minister has a suggestion on that point, but it is not an extension of time, that he recommends; it is a saving provision. If a man dies within the time limit, and he is in classes one to five, from any cause whatsoever, his widow and children will be pensionable. Under the suggested amendment to the statute, recommended by the Minister, if a man, in classes one to five, is taken into hospital for treatment, his pension ceases. The statute says that the pensioner, and only the pensioner, in classes one to five, shall, in the event of his death, carry a pension to his dependents. Under the proposed legislation of the Minister, the pension will stop when he is in hospital for treatment, and, as he has not been a pensioner, his dependents would be deprived of a pension. The saving clause was put in by the Minister at the suggestion of the Board of Pension Commissioners.

The VICE-CHAIRMAN: Let me point out that the change suggested by the Minister does not touch the question raised by the Legion at all, it still leaves the ten year limit.

Mr. ILSLEY: What was the reason for the ten-year limit? I understand it was five years at first.

Col. THOMPSON: It was five years first, and then ten. When that was first suggested it was meant to cover, as a matter of fact, only the blind and those with amputations. It was considered that at a certain period they were subject to greater dangers than other pensioners. When the provision was put in the statute it was made general, in order to cover all those in the higher disability classes, and the period of five years was supposed to be a period of accommodation. It was considered that those in classes one to five were in greater danger of sudden death and short life. Sometime back it was extended another five years.

Mr. ILSLEY: How would it be to remove the time limit for certain specific classes of persons, who might possibly meet with an accident and be killed, as a result of an injury they had sustained through service? I take it that that was one of the main reasons for directing that pensions be payable

[Col. Thompson.]

in these cases, even though death was not attributable to the war service. They might meet with a sudden accident, and die, and that should apply after the ten years, as well as before.

Col. THOMPSON: It would appear to me that a man who is blind is in greater danger the first few years after his disability, than he would be after. I do not say that he is not subject to danger, I do not suggest that at all. The same would apply to, say, double amputation cases. There is a danger of falling on slippery sidewalks, the danger of injury in getting on or off railway cars, and so on. I do not say that they are not subject to greater hazards than others, but it would appear to me that the danger is not as great now as it was when they first incurred the liability; they have got accommodated to their new conditions. It might be of interest to the Committee to know that there are between five and six thousand pensioners in classes one to five, of which four thousand are married.

Mr. SPEAKMAN: Were there not two reasons for that amendment? One, as you have stated, that life was rendered more hazardous because of their disability, and the other that they were less competent to provide for their children after death?

Col. THOMPSON: The insurance statute was brought in to meet that situation. The insurance legislation was inaugurated, as a matter of fact, through my suggestion to the Minister of Finance. I found, when I went through the country and met heavy disability cases, that they said that while the pension enabled them to carry on, they felt that they were not able, with their heavy disability and with their expectancy of life, to lay up provision for their families. It was on that that I suggested to the Minister of Finance that some insurance provision should be made.

Mr. SPEAKMAN: These two suggestions will have to be considered one with the other, the suggestion in regard to the extension, and the insurance.

The VICE-CHAIRMAN: The next is No. 14.

Col. THOMPSON: It is proposed to amend section 22 of the Act, by adding a new subsection to the effect that, on the death of a widow of a member of the forces, the pension for a widow may, in the discretion of the Commission, be continued for so long as there is a minor child of pensionable age, to a daughter or other person competent to assume, and who does assume, the household duties and care of the child. At the present time, if a pensioner dies, and there is some person managing his household and looking after the children for him, the Commission may grant to such a person, or to the pensioner on behalf of such person looking after the children, the same amount of pension that that man was receiving in respect of his deceased wife. Then we come to the class of case where a man has died and there is a widow on pension, and also a pension for a child or children. If the widow dies the children go on orphans' rate. The proposition now is that, if there is some person looking after the child, that person looking after the child shall receive the pension of the child, and also an additional \$720 per year for looking after the child.

Sir EUGENE FISET: In other words, that is creating a new class of pension?

Col. THOMPSON: A new class of pension.

The VICE-CHAIRMAN: The widow's pension would be continued to some third party?

Mr. ADSHEAD: The same as if the mother was looking after them?

Col. THOMPSON: Yes.

[Col. Thompson.]

Mr. McLEAN (Melfort): The mother is getting a pension on her own account.

The VICE-CHAIRMAN: She dies.

Col. THOMPSON: The widow is getting a pension, not because she is looking after the children, but is getting it in her own right, because she is the widow of a member of the forces. This is not extending the pension, really, to a person in loco parentis, that is hardly the correct expression; it is increasing the child's pension in order that there may be somebody to look after it.

Mr. ILSLEY: There is not the same reason for doing, in this section, what was done in the other section, that is, sub-section 9? Your point is that there is not the same reasons at all for doing what is proposed here, as there was for passing the provision in sub-section 9? In sub-section 9, the reason for extending the pension to the person who looks after the child, is because the wife is granted a pension in that capacity, as the custodian, and as the person that is looking after the child. In this case, the reason the widow gets a pension is because she is the widow of the man that died, not because she is looking after the children; that is the theory?

Col. THOMPSON: Yes, exactly. I am not suggesting that it is advisable or not, I am just pointing out that it is different from the other. If the father is alive, and the wife has died, if he wants to keep his family together he must engage a housekeeper, and usually he does not get this \$720, but only gets the same allowance as the deceased wife.

Mr. SANDERSON: It is really a question of wages to this person, as a housekeeper looking after the house and the children?

Col. THOMPSON: Yes.

Mr. SANDERSON: What jurisdiction would your Board have over this person that might receive that, as to the duties she was performing, whether she was performing them satisfactorily or not?

Col. THOMPSON: We would have none. As a matter of fact, there are some, what we might call border line cases, where the woman in question, in respect of whom the allowance is requested, is really acting in the place of the deceased wife. Then there are cases where a man will put his children with some person, a lodging house keeper, and will not be living in the same house.

Sir EUGENE Fiset: Take the case of a pensioner who has taken out insurance for five thousand dollars. He dies, and his widow dies. You are going to pay to the guardian of the children the full amount of the pension that the widow was receiving, and, besides that, she gets the benefit of the insurance, and the pensioner may have died only one or two years after he was insured. Supposing that that same guardian is married, she would be already supported by her husband?

Col. THOMPSON: Yes, if she is a married woman, or marries, and was looking after the children, she would get this \$720, although supported by her husband.

The VICE-CHAIRMAN: In the case of a widow, with a family, who marries again, she loses her pension, does she not?

Col. THOMPSON: Yes.

The VICE-CHAIRMAN: The widow, who is the natural guardian of the children, loses any additional payment for the care of the children. If she dies, without marrying again, a stranger comes in and is paid what the widow would not be paid?

Col. THOMPSON: The stranger would be in a better position. If the widow of a pensioner marries, she loses her pension. If her second husband should die, and she then takes charge of the orphan children, she goes back on pension again.

[Col. Thompson.]

The VICE-CHAIRMAN: She does not, as it stands now?

Col. THOMPSON: No, but she would under the suggested amendment.

Sir EUGENE Fiset: According to the present regulations, where both parents die, the child goes in to the orphans' class?

Col. THOMPSON: Yes.

Sir EUGENE Fiset: And receives a larger allowance?

Col. THOMPSON: Yes.

Sir EUGENE Fiset: The Act has already provided for such cases, to a limited extent?

Col. THOMPSON: Yes.

Mr. McLEAN (Melfort): What is the orphans' allowance?

Col. THOMPSON: \$30, for the first child; \$24, for the second child; and \$20, for the third child. Those are all monthly rates.

Sir EUGENE Fiset: Then, that child is supposed to be able to pay for a guardian.

Col. THOMPSON: The ordinary rates are \$15, for the first child; \$12, for the second; and \$10, for the third, and any additional children. I do not know whether the Committee would be interested in knowing the rates in the United States. A widow, in the United States, receives \$30, a month; in Canada, she receives \$60. The first orphan child, in the United States, receives \$20 a month; in Canada, \$30. If there are two children, in the United States, they receive \$30 a month; and in Canada \$54. Three children in the United States receive \$40; three children in Canada receive \$74.

Mr. SANDERSON: We are on a higher level all along the line?

Mr. CLARK: Have you got the figures for New Zealand or Australia?

Col. THOMPSON: We have a chart of all of them, but I have not it here.

Mr. ADSHEAD: Sub-section 9, of section 22, says this:—

in the discretion of the Commission, be continued to him for so long as there are minor children of pensionable age, provided there exists a daughter or other person competent to assume, and who does assume, the household duties and care of the children.

According to sub-section 9, that person is assuming the position of the parent?

Col. THOMPSON: Yes.

Mr. ADSHEAD: If both parents are dead, does not that relationship still go on, and should they not receive the same consideration? The fact that they are both dead should not disqualify them from receiving that pension; they are still in the place of the parent.

Col. THOMPSON: The pensioner himself may, in respect of that, at the time he is acting as housekeeper, be only receiving about \$7 a year.

Mr. ADSHEAD: But he is receiving a pension for the children.

Col. THOMPSON: Supposing he comes in the disability classes five to nine; which are the low classes. He would receive, for his wife, an allowance of \$15 per year. If the wife dies, and he has a daughter who is merely assuming the duties of the household, keeping it together for him, he will receive \$15 a year for that daughter. If he has not a daughter who can manage the household for him, and he gets an outsider to manage it, he will still receive \$15 a year for that outsider. That is in the low classes, and it is graded upwards.

Mr. ADSHEAD: Then he dies, and this particular woman still carries on?

Mr. SPEAKMAN: Then the pension of the children themselves is doubled?

The VICE-CHAIRMAN: The next is submission No. 15.

[Col. Thompson.]

Col. THOMPSON: This refers to section 25 of the Act, sub-section 3, which reads as follows:—

Temporary pensions, subject from time to time to review, and medical re-examination, shall be awarded, or continued, as long as the disability remains changeable in extent.

3. Whenever a pensioner is required by the Commission to be medically re-examined, he shall be paid a reasonable amount for travelling expenses, subsistence and loss of wages, and if any pensioner, after notice by registered mail, unreasonably refuses or neglects to present himself for medical re-examination, his pension shall be suspended and no pension shall be paid him in respect of the period during which such refusal or neglect continues.

The proposal is that this sub-section shall be amended to provide that refusal or neglect to report for examination, by a pensioner suffering with a mental disability, shall not necessarily be deemed to be unreasonable.

Sir EUGENE Fiset: It seems to me that it would be much simpler, if you want to amend the sub-section, to add the words "except in mental cases."

The VICE-CHAIRMAN: Do the Pension Board now consider it an unreasonable refusal to attend for examination, on the part of a man who may be insane? In other words, can a mentally incapacitated man be unreasonable in any action?

Mr. THORSON: The whole discussion centres around the interpretation of the word "unreasonable."

Col. THOMPSON: The practice of the Board, at the present time, in the case of a pensioner suffering from mental condition, and who is in charge of a guardian, is to sometimes do this: If he is not in charge of a guardian, we would not refuse it on account of an unreasonable refusal. There are notorious cases where distant relatives, and even strangers not related in any way to a pensioner, will seek to secure the guardianship or care of a pensioner in order to obtain the pension. There are notorious cases of men with very serious mental condition, where the guardians have refused to allow them to appear for examination.

Mr. THORSON: There was a type of case given by Mr. Barrow. Have you read the record with regard to that type case?

Col. THOMPSON: I have not seen it.

Mr. McLEAN (Melfort): Take the case of a man escaping from a mental hospital and not reporting for examination.

Col. THOMPSON: I can say quite definitely that that pension was not suspended because the man escaped and refused to turn up; I will undertake to say that I am absolutely correct on that. The pension was suspended because it was not known whether the man was dead or alive. A very notorious case, in that regard, is a Vancouver one. A man escaped from the asylum, and we refused to pay any further pension. There was a tremendous row raised by the Mayor of Vancouver, and all sorts of people. They said that he had drowned himself, because a body somewhat resembling his was found in the water, and, furthermore, they were quite sure that this must be the man, because several of his relatives had committed suicide by drowning. We refused to continue the pension, and, after a short time, the man himself knocked at the asylum gates and asked to be readmitted. I am quite sure that the case referred to by Mr. Barrow was a case of not knowing whether the man was dead or alive.

Mr. THORSON: What evidence would you require that he had unreasonably refused to present himself for re-examination?

Col. THOMPSON: If we thought that the guardian improperly refused to allow the man to come.

[Col. Thompson.]

Mr. THORSON: If it were proved to your satisfaction that the pensioner in question was a lunatic, on what grounds would you cut off the pension to his dependents, if he did not present himself for re-examination? When would you say it was an unreasonable refusal to present himself?

Col. THOMPSON: I would say it was unreasonable, because those in charge of him would not produce him for examination.

Mr. THORSON: But supposing there were no such circumstances, and that he had escaped from custody and no one knew where he was?

Col. THOMPSON: I would not suspend it because he refused to attend.

The VICE-CHAIRMAN: The Colonel has already said that. You would not refuse it unless he was in charge of somebody?

Col. THOMPSON: Yes, quite so.

Mr. McLEAN (Melfort): I think the complaint in this case was because the allowance to the wife and family, or the wife or family, was discontinued.

Col. THOMPSON: We cannot continue it unless we know whether the man is dead or alive. That does not apply, Mr. McLean, to all classes of pensioners. Supposing, for instance, a man is in classes one to five, and the period of limitation has not expired. He escapes, and it is not known whether he is dead or alive. In such cases, we would continue to the wife, or the children, the pension which they would be entitled to in the event of his death.

Mr. ADSHEAD: If you did not know whether he was dead or alive, would you discontinue the pension to the wife and children?

Col. THOMPSON: We would not continue it, if he were in classes one to five. We would give her the pension as if she were a widow.

Mr. HEPBURN: Has every mental case someone designated as his guardian?

Col. THOMPSON: There are a number of cases where a man is in an institution, and should remain in an institution, as a matter of fact, but they have been taken out by relatives or friends, who said they would look after them. They raised objections to the man being in an asylum, but in many cases the man ought to be in an asylum and not be in charge of anyone outside.

Mr. THORSON: The Board really, in actual practice, follows the principle suggested by suggestion No. 15?

Col. THOMPSON: Yes, with the exception of the mental case in charge of a guardian, and the guardian refusing to allow examination.

Mr. ILSLEY: That is unreasonable refusal, or neglect, on the part of the guardian to present his ward? The Board, apparently, deems that to be an unreasonable refusal or neglect, on the part of the ward, or pensioner. I think your practice is perfectly all right, but is it in accordance with the Act? Should you not have an amendment in order to legalize that practice? That practice is manifestly in the interest of the pensioner, but is it justified by the Act? Do you think that the unreasonable refusal or neglect, on the part of the guardian, is unreasonable refusal or neglect on the part of the man himself?

Col. THOMPSON: I do not know that we do.

Dr. KEE: Is not a guardian-in-law, responsible for a mental case, liable for any action on his part?

Col. THOMPSON: I do not know whether you could say that unreasonable refusal by the guardian is an unreasonable refusal by the man himself.

The VICE-CHAIRMAN: I think that would apply in ordinary civil law.

Mr. ILSLEY: You are talking about the state of mind of an insane man.

The VICE-CHAIRMAN: No, we are talking about the powers of the guardian.

Mr. ILSLEY: You are talking about an unreasonable act.

[Col. Thompson.]

Mr. McLEAN (Melfort): What would be the effect if that word "unreasonably" were taken out of this subsection?

Col. THOMPSON: I have not considered that. Perhaps I might direct the Committee's attention to another provision of the statute. In Section 28, there is a provision which bears on this section. This section reads as follows:

28. If an applicant or pensioner should in the opinion of the Commission undergo medical or surgical treatment, and the applicant or pensioner in the opinion of the Commission unreasonably refuses to undergo such treatment, the pension to which the extent of his disability would otherwise have entitled him may be reduced, in the discretion of the Commission, by not more than one-half.

2. When in the opinion of a medical neurological expert an applicant for pension or a pensioner has a disability which is purely functional or hysterical no pension shall be paid, but such member of the forces shall immediately be referred to a Neurological Centre for treatment.

3. In cases in which the functional or hysterical disability disappears as a result of treatment the Commission may, in its discretion, award a gratuity in final payment not exceeding five hundred dollars but no pension shall be paid.

4. When as the result of treatment the functional or hysterical disability has not disappeared a pension shall be awarded in accordance with the extent of the disability: Provided the applicant or pensioner has not unreasonably refused to accept or continue treatment. 1919, c. 43, s. 29.

The VICE-CHAIRMAN: Mr. Ilsley's point is that this subsection 3 of section 25 be amended to read, "Whenever a pensioner or his guardian refuses". This would protect you?

Col. THOMPSON: I think that would be quite proper.

Mr. GERSHAW: Take the man who is not considered to be insane, but yet may be a little eccentric. When he refuses to come up for an examination when required, is it the practice to deal pretty severely with him, and shut off his pension, or is reasonable consideration given to his state of mind, his occupation, his nearness to a soldier adviser, and all these things?

Col. THOMPSON: If a man is not a serious mental case, and is able to carry on himself, and is not under the care of a guardian, we do not suspend him.

Dr. KEE: We would not take drastic action until we found out all the circumstances. In some cases we have sent the examiner to the house. We have sent an investigator first to find out if the man is responsible, or if he has a neurological condition which might prevent him from appearing for an examination. We deal specially with that type of case.

Mr. GERSHAW: Have many pensions been shut off under this clause?

Col. THOMPSON: I do not think any are, except where there is a guardian.

Mr. THORSON: Take the case of a man who has deserted his wife, and has disappeared; you shut off the pension to the wife and the dependents in those circumstances?

Col. THOMPSON: Yes. We can only pay a pension while a man is alive; we cannot pay a pension after his death, unless his death is related to service.

Mr. THORSON: Supposing he has deserted his wife, and gone off somewhere, his wife does not know where—and the pension Department does not know where he is; he is a man who is required to report back for treatment. There you have a case of genuine hardship on the dependents, when the man has intentionally deserted his wife, and made up his mind that he is not going to return to them.

Col. THOMPSON: You have a case now that is not mental?

Mr. THORSON: Not mental. He has made up his mind that he is not going to reveal his whereabouts.

Col. THOMPSON: It would depend, for instance, on the nature of the disability. Supposing it were a case covering amputation or loss of sight, a fixed disability. We would pay the pension to the wife, if we knew the man was alive. If we do not know that he is alive, we cannot pay the pension.

Mr. ADSHEAD: If you do not know anything about him, but that he has vanished.

Col. THOMPSON: He may have died. We cannot pay the pension unless the man is alive.

Mr. ADSHEAD: Do you assume that he is dead because he disappears?

Col. THOMPSON: No.

Mr. ADSHEAD: You still pay the pension until you have proof of the death?

Col. THOMPSON: No.

Mr. ADSHEAD: You assume that he is dead because he has vanished?

Col. THOMPSON: No; we do not know anything about it, and we can only pay the pension under the Statute while he is alive.

Mr. McLEAN (Melfort): You pay the pension while you know where he is?

Col. THOMPSON: Yes.

Mr. THORSON: The case I have in mind is this: a case from Winnipeg. The man disappeared entirely. He had been employed by a firm in Winnipeg, and then he disappeared. The pension was continued to the dependents for a period of six months.

Col. THOMPSON: We often do that. Up to the period of the next examination, or a reasonable time. It may be only a temporary absence.

Mr. THORSON: He did not turn up for his re-examination; the wife did not know where he was, and the employer did not know where he was. In that case the pension was cut off solely on the grounds of disappearance.

Col. THOMPSON: Yes, because we did not know whether the man was alive or not.

Mr. ADSHEAD: You assumed that he was dead?

Col. THOMPSON: No, no. Supposing the man disappeared for five years, and was found eventually—it came to our notice—that the man actually was alive in Alaska, and if that man had a fixed disability, such as an amputated hand, we would pay the wife the pension for the whole of the five years.

Mr. ADSHEAD: After he was found to be alive.

Col. THOMPSON: Yes.

Mr. ADSHEAD: But, meantime, what was she to do?

Col. THOMPSON: Well, I do not know. The Statute does not permit us to pay a pension to dependents unless the man is dead, and his death is related to service.

Mr. ILSLEY: How many cases have you like that?

Col. THOMPSON: A great many. You would be amazed at the number of men who have deserted their families and dropped out.

Mr. THORSON: And their pensions are automatically cut off, from their family?

Col. THOMPSON: Yes.

Sir EUGENE Fiset: In other words, it would be assumed that the man who deserted his wife was crazy?

[Col. Thompson.]

Col. THOMPSON: No, that he was dead, and that his death was related to service.

Mr. MACLAREN: If a man deserts, his wife gets no allowance?

Col. THOMPSON: No.

Mr. MACLAREN: Meantime, the man may be living or dead. It might mean a change, but could not this be easily done: that meantime, when it is unknown what has become of this man, the amounts which would come to the widow in the event of his being dead, be paid from that time on, and then if afterwards he is found to be living, his account could be adjusted, but meantime, his wife or widow would not be left without assistance.

Col. THOMPSON: That would be comparatively easy, provided his death was occasioned by war service, then there would be entitlement to a pension, but if he died from causes which did not make it attributable to war service, then there would be the payment of a pension that other people would not get even if known to be alive.

Mr. THORSON: If the disability from which the man suffers, is in classes from one to five, did I understand you to say that the pension in that case was continued notwithstanding the disappearance of the man?

Col. THOMPSON: Yes, up to the period of nine years, or ten years; ten years as provided by the Statute.

Mr. SPEAKMAN: It is assumed then that he is dead, and that he died through causes that were attributable to service.

Col. THOMPSON: No, if he died any time in that ten years, no matter what happened to him, what caused his death, she would be entitled to a widow's pension, and the widow's pension plus the allowance for the children, would not be as large as what he, as the head of the family, would receive.

Mr. SPEAKMAN: This is different. In each case the assumption is to the extent that the pension to the living pensioner cannot be paid. In the classes where, after death, the pension would be payable to the widow, in right of the man's death, then the pension is paid. And, where it would not be paid otherwise, it cannot be paid unless the death were proved and proved to be attributable?

Col. THOMPSON: Yes.

Mr. SPEAKMAN: In the latter case, you are not only admitting his death, but also that it was attributable to war service??

Col. THOMPSON: Yes, related to service. And, if death was related to service, the pension, instead of being possibly a small one, of a few dollars per year, ought to be a large pension.

Mr. SPEAKMAN: That is, you would not only have to assume that he was dead but that his death was due to war service, before you could pay the pension.

Mr. THORSON: Can you give us an idea of the number of cases where a pension to dependents has been cut off, due to the refusal of the man to present himself for examination? You said a moment ago, that there were a great many?

Col. THOMPSON: I would say there were quite a number of pensioners who have deserted their wives and children.

Mr. THORSON: They are cut off?

The VICE-CHAIRMAN: They would not be cases of refusal.

Mr. THORSON: They are regarded as cases of refusal to present themselves.

The VICE-CHAIRMAN: There is a distinct difference there. What I understood Colonel Thompson to say was this, that in mental cases of no matter what degree, there were no cases cut off the pension list, except where the case was under guardians who refused to produce him.

Col. THOMPSON: That is right.

The VICE-CHAIRMAN: But in cases of desertion, whether for mental or other reasons, that there were a great number of these cases on the list?

Mr. ADSHEAD: And cut off.

Mr. THORSON: And there are those cases where the man has refused to present himself for examination.

Col. THOMPSON: No, we have cut him off because we do not know whether he is alive or dead.

Mr. ADSHEAD: Under what clause is that?

The VICE-CHAIRMAN: That is merely because the pension is payable to the man, and if they cannot find him, they cannot pay it.

Mr. THORSON: You are acting under subsection 3, of section 25, when you cut off the pension.

The VICE-CHAIRMAN: I should like to make myself clear to Mr. Adshead. It is not because of a clause in the Act that says what shall be cut off, but because of the clause in the Act which says the pension shall be payable to him, and they cannot pay it if they cannot find him.

Mr. ILSLEY: Is there any section before us on that point? In all these cases he is such a man that is willing to throw up his pension for the sake of deserting his wife. Is that the assumption?

Mr. MACLAREN: No, he may be dead.

Col. THOMPSON: The Committee should bear this in mind: that a woman or child, or children, are not entitled to a pension as a right. It is the man's pension, and the man's pension because he is disabled in the labour market, as a supplementary allowance made to him to bring up his deficiency in the labour market to the normal wage earner.

Mr. THORSON: My question was perhaps inaccurately put; but the effect is that the dependents are cut off from support.

Col. THOMPSON: From their allowances; from support, yes.

Mr. THORSON: Although legally that is paid to the man himself because of his dependents?

Col. THOMPSON: Yes.

Mr. THORSON: Are there many cases where pensions have been cut off because of a man deserting his wife, or disappearing, or failing to report for re-examination?

Col. THOMPSON: I would say there are quite a number.

Mr. THORSON: Have you any idea of the number?

Col. THOMPSON: No.

Mr. THORSON: And in all those cases, the dependents would suffer?

Col. THOMPSON: Yes.

Mr. PATON: May I point out to Mr. Thorson that a large number of those cases are low disability men: ten, fifteen or twenty per cent.

Mr. THORSON: I am on the point of number.

The VICE-CHAIRMAN: I suggest that you divide your case. I do not think you are putting it so that Mr. Thompson can give an intelligible answer. You ask about three cases. Now, are there many cases cut off on account of

[Col. Thompson.]

desertion and disappearance? That would be one class. On the further question, you have added those who refused to reappear for examination. I know of cases of lots of fellows drawing a small pension of \$3 or \$4, saying it is not worth while reporting, and "I am going to drop it."

Mr. THORSON: Quite. My question involves persons whose whereabouts are known, and those whose whereabouts are not known. Are there any cases where pensions are cut off on the ground that the whereabouts is not any longer known?

Col. THOMPSON: Quite a number.

Mr. THORSON: Have you any idea how many?

Col THOMPSON: I have not the slightest idea. I do not know whether that information could be obtained or not.

Sir EUGENE Fiset: In those cases, they have disappeared altogether. In the case of mental diseases, these are the only cases we are mentioning, and that is what we are discussing.

Col. THOMPSON: It is a hardship on them that they are not receiving this allowance. On the other hand, they are exactly in the same position as the dependents of a man living beside them who is not a pensioner, and who has deserted his family. It is a domestic affair, and most of these men have left their families in order to marry some one else.

The VICE-CHAIRMAN: In so far as suggestion 15 is concerned, I think we understand the situation. No. 16 is a big one, but I think it covers but one point, and that is the right of a pensioner, who has commuted his claim, to be allowed in for re-examination and re-pension. Might I suggest this to the Committee: that we are taking up a good deal of time here with our own views, which will have to be discussed again. We might make more headway if we restricted it to information. Now, on this one point, I would suggest that Col. Thompson would not care to go on record because it is purely a business matter for the Committee. Are we going to reintroduce commuting pensions or not?

Col. THOMPSON: I might say the Board advised against this commutation of pensions except in regard to permanent ones. That was not approved of by the then Committee.

Mr. THORSON: We might ask the question: how many have commuted their pensions?

Col. THOMPSON: This matter came up before the local Committee on pensions, and no recommendation was made with regard to it. The total amount necessary to restore these commuted pensioners to pension and put them on the active list, so to speak, would be between \$7,000,000 and \$8,000,000 immediate outlay. It is difficult to give the exact number because, as soon as the Statute was passed, in 1919, or 1920, we paid out ten or twelve million dollars, I think. And then, others have come on pension and others have taken final payment in recent years. The Department of Soldiers' Civil Re-establishment furnished me with some data. I have not had a chance to check it up, but they say there would be about 22,000 pensions to be restored.

Mr. THORSON: Twenty-two thousand have commuted their pensions?

Col. THOMPSON: Yes.

Mr. GERSHAW: Is that amount arrived at by assuming that every one would come back on pension?

Col. THOMPSON: Yes, that is the total number.

Mr. GERSHAW: Assuming that they would all come back?

Col. THOMPSON: Yes. The annual increased outlay would be two million and a half, plus the seven to eight million capital outlay.

Mr. HEPBURN: There are many cases where the condition has been aggravated since?

[Col. Thompson.]

Col. THOMPSON: Yes. They can come back under the law at it is now.

Sir EUGENE Fiset: I thought the Board of Pension Commissioners was always dead against the commutation of pensions.

Col. THOMPSON: Not against commutations, but we are against paying off any one but those with fixed liabilities of a low class. That was supposed to be a quit claim on the part of the man, because his condition would not change. As a matter of fact, there were a tremendous number of applications, and we paid at once about \$9,000,000 in a short time. There are letters on record to this effect: "I want to commute my pension;" and the man was taken in and examined, and he was offered \$600 and he took it and said: "I am much obliged for the cheque for \$600 which I have to-day received; I am now much worse, and wish to be re-examined again and put on pension."

Sir EUGENE Fiset: There were not many of those cases before the Board of Pension Commissioners was organized?

Col. THOMPSON: Before it was organized, no. I do not think there was any provision for that.

Sir EUGENE Fiset: Are you sure of that?

Col THOMPSON: I was not present then.

Sir EUGENE Fiset: Are you sure that, on discharge in Canada of men from overseas, where they were discharged as unfit, they were not offered a cash payment of a few hundred dollars, and that that was put on their report?

Col. THOMPSON: That was a different proposition. That was a gratuity to a man who had a very slight disability. That was not a commutation of pension at all.

Sir EUGENE Fiset: It is a commutation of disability though.

Col. THOMPSON: No, because the regulations at that time called for a payment of a definite amount to a man who was less than four per cent; four per cent or less. Whereas the regulation was with regard to a man of ten per cent, it called for a certain monthly payment, and he could neither demand a lump sum in lieu of that monthly payment, nor could we offer him one. It was only with regard to the man with four per cent or less.

Mr. HEBURN: The fact remains that any man who commuted his pension, and to-day finds himself in worse shape physically, is permitted to re-apply and get his pension restored?

Col. THOMPSON: Yes.

Mr. HEBURN: On the presentation of his disability, if it has increased?

Col. THOMPSON: Yes, he is then restored to pension according to the degree of disability found to exist.

Mr. HEBURN: Might I state a case. This case is causing considerable publicity in St. Thomas. I know this myself, because this man was in my employ for some time. Here are two doctors' certificates, one from the D.S.C.R. representative, Dr. Curtis, of the town. The man got married while in my employment, and his wife was very anxious that he should commute his pension, and get the \$600. According to the doctor's certificate, from the doctor who attended him, he had a gun-shot wound from the back of the middle third of the thigh coming out at the front. There has been a wasting of the muscles, because of the nerves being cut. He is now in bad shape, unable to carry on, and do any hard work. He has quite a limp, and both doctors agree that the disability was due to service. Necessarily, that must be so. It is now aggravated to the point that he cannot carry on. That man has applied for a pension; that is, to be reinstated, and restored to his former, or even a greater pension. Would there be any likelihood of his not getting consideration.

[Col. Thompson.]

Dr. KEE: He will be entitled to come back on pension provided he is increased one class; worse five per cent than he was when he took his final payment.

Mr. HEPBURN: It says here that there was considerable destruction of the muscles which has resulted in bunching of the muscles in the neighbourhood of the wound, and bunching above and below.

Dr. KEE: Have we had him examined?

Mr. HEPBURN: There is an application in now, to the Pension Board.

Dr. KEE: He will be examined.

Mr. HEPBURN: There is nothing in the way of his case being considered?

Dr. KEE: He will go back on pension providing he is one class higher than when he commuted. His \$600 will be taken off, but he will be put back.

Mr. THORSON: Going back to the question of cost, you mentioned the sum of seven or eight million dollars. Of course, that will be an immediate outlay?

Col. THOMPSON: Yes.

Mr. THORSON: Would not some of that money come back to the Department through deductions or repayments?

Col. THOMPSON: No. That has been taken into consideration. That is the net increase. The gross is sixteen million odd.

The VICE-CHAIRMAN: Now gentlemen, as to the next submission, No. 17. Number 17 deals with an additional grant for pensioners disabled and needing attendance. The point involved seems to be under the present Act which says: "totally disabled and helpless," where it eliminates a man who may not be helpless, but still needs an attendant.

Col. THOMPSON: With regard to that, perhaps I ought to inform the Committee that "totally disabled" under the Pension regulations, does not mean by any means, totally incapacitated. Simply "totally disabled" 100 per cent disabled under our Table of Disability. The Act provides at present for helplessness allowance, to those totally disabled, under our regulations, although not incapacitated. Totally disabled and in need of attendance. There are many men who are totally disabled under the regulations, who are not in need of attendance.

The VICE-CHAIRMAN: And who are not helpless?

Col. THOMPSON: And who are not helpless. Dr. Kee is more familiar with the actual Disability Table than I am.

The VICE-CHAIRMAN: Can Dr. Kee give us a type case of a man who would be considered totally disabled and helpless, under clause 26?

Dr. KEE: A man with a double amputation; say, both arms, or blind in both eyes, is "totally disabled and helpless."

The VICE-CHAIRMAN: Have you the type case we had on that, Mr. Thorson?

Mr. THORSON: I do not know whether any type case was cited.

Mr. ILSLEY: Let us have one "totally disabled and not helpless."

Dr. KEE: "Totally disabled and not helpless" would be a man probably with diabetes, 100 per cent, walking around, attending himself, not helpless.

Mr. ILSLEY: This amendment would make that 100 per cent?

Dr. KEE: This amendment cuts out the word "helpless" and uses the word "attendance", which means that allowances which were formerly provided for, helpless only, could now be provided for nursing and attendance. We do not provide helplessness allowance for nursing; we have the hospitals. If a man requires treatment, he must go into the hospital, and he gets his nursing free. It is provided for him.

[Col. Thompson.]

Mr. ADSHEAD: And if he requires an attendant at home?

Dr. KEE: If he does not require any treatment and he goes home, he can then get helplessness allowance, if he is helpless.

Mr. ARTHURS: What would you say in the case of a man who had been in the hospital, and whose prospects of life were small, in fact who is in a more or less dying condition. He desires to go home to a distance from the hospital; would you provide a nurse for him during his latter days, or would that come out of his pension?

Dr. KEE: If the hospital authorities say that treatment will do him no more good, and he is in a dying condition, and goes home to die, in such cases we give them helplessness allowance. We consider that treatment is at an end, and helplessness allowance is given in such cases.

Mr. ILSLEY: Do you know what proportion of the totally disabled cases are also helpless?

Dr. KEE: I do not know that I have that, but there are a very large number getting helplessness allowance. All blind cases are getting helplessness allowance. There are about 200 and some odd blind. A few tubercular cases have been sent home; treatment will not further improve them; sent home to die; they are getting helplessness allowance. All double amputations—or probably I will read you what helplessness allowances are paid for. No, I am sorry, I have not got that here. I have the wrong table, I am afraid. But helplessness allowances are graded into four different classes: Constant attendant day and night. A man is paralyzed from the waist down; he cannot move; he has got to be attended; he has got to be fed; he has to have attendance to the wants of nature; he has to be turned in bed; handled in every way; he cannot move; he is totally helpless. He gets \$750. He has to have someone there at night, as well as in the day. Almost constant attendance would be \$600 and some odd dollars. Severe epileptics; a man who is apt to fall down in a fit at any time; he is on 100 per cent pension. These are two classes. Another class is, attendance during the day: such as double amputations; he cannot dress himself; he cannot get around; he has got to be helped at the toilet; his pants taken down and put up; he cannot prepare his food or cannot feed himself; someone has to feed him. Mr. Scammel has the Table here. That is, almost constant attendance. The first was "constant attendance". The second "almost constant." The third "intermittent"; loss of both arms; double thigh amputation; they get an allowance of \$250. They need assistance in attaching their limbs. Loss of both eyes; occasional attendance. And special cases get special allowance. Here is how helplessness allowance is defined: "Dressing and undressing; keeping one's self ordinarily presentable; washing, shaving, bathing, the adjustment of special appliances by reason of disability, that cannot be done without assistance; supporting belts, lacing them at the back; belts for abdominal conditions which have to be laced behind.

(b) Feeding oneself. (c) attending to the wants of nature. (d) Ability to get out of doors and take sufficient exercise to maintain normal health; such as a blind man."

Now, we do not pay for an attendant to take a blind man to work twice a day, to go in the morning, and come back at noon, but we have to see that his health is kept up to the normal. He is on a total pension; we pay him because he cannot engage in any occupation. If he does, if he can, we do not take any cognizance of that, that is up to himself. But, we have to see that he has got to get out and not sit on a chair all day long, or else his health might suffer. Protection from danger incident to ordinary environment. Insane; severe epileptics; convulsions, etc. In considering whether certain cases call, under the provisions of this Table the applicability of the five interpretations given above will be considered with relation to the pensioner in turn.

[Dr. Kee.]

Mr. ILSLEY: Will you give us a case where, if the amendment is put in force, helplessness allowance would be allowed—to show the results of the amendment?

Dr. KEE: Yes. The result of this amendment would be that the word “helpless” would not be taken into consideration.

Mr. ILSLEY: How would it work out?

Dr. KEE: The man might say, “I will be treated at home for my illness, and I am totally helpless.” Or, I mean, “totally disabled. I need nursing, and I will go to bed and stay in bed, and you will have to pay me these allowances which you pay for helplessness, to help nurse me; I won't go to hospital. I don't want to stay there, I don't like the hospital.” That is practically what it means, that the interpretation which we formerly gave to helplessness allowance will be changed.

Mr. THORSON: Take a man with one hundred per cent heart condition. He might want attendance in order to get about. He would be entitled to it if he needed attendance, would he not?

Dr. KEE: Yes.

Mr. THORSON: Suppose you have a case of a man who was totally disabled, and who needed attendance, but was not helpless—

Dr. KEE: But did not need treatment, you mean?

The VICE-CHAIRMAN: Perhaps we might shorten this discussion if Mr. Barrow would remind us. Could you give us a case, Mr. Barrow where you think attendance is different to helplessness?

Mr. BARROW: I think Mr. Gilman can give you an instance.

Mr. GILMAN: There was a case I had in mind; a man in the sanatorium for tuberculosis. He was allowed to come out because he could not be made any better. His mental condition was improved by his going home, and he went home. He was totally disabled, he was a dying man, but he could get about. He was not helpless in the strict sense of the word. He could walk about, but he was sick, perhaps one month, and then he was well for a month, and then sick for another month. In this time, his wife had to look after him, and the children were neglected. There was no sense in that man going back to the sanatorium, they could not improve his condition. The point in these cases is that where a sanatorium superintendent—say for tuberculosis—recommends that the man go home, it is better for his mental condition, he will live longer and be happier when he goes home—we think the circumstances should be taken into account and provision made for it, and the amount of helplessness allowance could be paid so that his wife could get some one to look after the children, or if necessary, get some one to look after the man. That is the purpose of the suggestion. I would like to say that we wanted this made rather definite, because there are a number of cases on record where that has not been done, probably because it was not understood properly. These men are dead. We have known they were dying for a year or two; we have applied for this helplessness allowance, but have not got it. We have achieved the purpose after the man was dead, but then they were paid to some one else. We want the wife to get the benefit while the man is alive.

The VICE-CHAIRMAN: Would we be correct in assuming that the majority of the cases that would come under this proposed amendment are cases of T.B. where there is no further use of them staying in a sanatorium.

Mr. GILMAN: Yes, there are similar cases.

Mr. ADSHEAD: Other cases of a similar nature?

Mr. GILMAN: There are similar cases, but if we want the man to stay in the sanatorium, and the superintendent says it is better for the man to go

[Dr. Kee.]

out, he should have the right to go home to his family to die, and some provision should be made then. Now, that is not done to-day in every case.

Dr. KEE: I think that is done in all cases. In all cases where the medical superintendent says "treatment will do this man no more good," and he is sent home as a final case, to die, helplessness allowance has been awarded. If Mr. Gilman can draw any cases to my attention, I would be very glad to go into them.

Mr. GILMAN: I do not want to mention names just now, as these men are dead. But, there was no doubt in one or two cases, that these men were in a dying condition and needed this help. The trouble is that the helplessness allowance is paid after the man is dead.

Col. THOMPSON: In the case you speak of, I think the one you have in mind, this man applied to us continually for helplessness allowance, and applied at the time when he was attending a parliamentary committee through a session. It did not appear to us that that was a helpless condition.

Mr. GILMAN: That was a man who worked with me in the T.B. branch of the Legion, who had worked for me one month for about two hours a day. I would go to him in the afternoon, and he would be in bed. We would work a little more at our work. He would talk in bed and I would take his notes down. The next month he would be in bed for perhaps two or three weeks. How he got about, I don't know. He lasted for two years getting helplessness allowance all the time, not the maximum. Our point is that there is such a state of helplessness that should be helped by about \$20 or \$25 a month to the wife who has to look after him.

Dr. KEE: All these cases such as Mr. Gilman speaks of get \$675 a year, helplessness allowance. If they get any, they get that, all these tubercular cases. We have cases where the superintendent has said, "this man has been sent home to die," and we put him on a helplessness allowance, and we find that three or four years afterwards, he is still living. We ask them then to check up on him, and find out if he was sent out on a terminal case.

Sir EUGENE Fiset: In other words, the Pension Board claims that they have the right to look after those cases?

Mr. GERSHAW: In cases of that kind, is there much delay in giving help to the man? A man comes from the sanatorium to his home. Is there much "red tape" before he can really get help?

Dr. KEE: No, none whatever.

Mr. GERSHAW: Who decides?

Dr. KEE: It comes before the Commissioners personally.

Mr. GERSHAW: In Ottawa?

Dr. KEE: Yes, and within a very short time. He goes on pension automatically, when he comes out.

The VICE-CHAIRMAN: Do the Committee understand the situation? Then it is suggested that we go on to No. 18. This is one suggesting that an allowance for diet be given in special cases.

Col. THOMPSON: With regard to that suggestion, where a man is restricted with regard to the nature of his occupation by reason of the fact that he cannot procure the necessary food where these occupations lead him, his pension is graded accordingly. In other words, for instance, when fixing his pension, if it is a question of diet, and if we consider apart from the question of diet that there is nothing wrong with the man, that he is physically fit, we consider the fact that he is precluded from going in to certain occupations, when fixing his pension. For instance, there is a man who, on account of a jaw condition, is unable to masticate what one might call, rough food. Such a man could not, or

[Col. Thompson.]

probably has difficulty in feeding himself, on account of the condition of his jaw. He could only take soft stuff; such a man for instance, would be precluded from engaging in work in a lumber camp. There is a prohibition against engaging him. And, there are certain occupations in life that are not open to him for that reason. All that is taken into consideration when fixing the amount of his pension. The department has furnished me with a list of those who might possibly require special diet. They are classified as follows: Diabetes; dysentery; enteric; nephritis; diseases of the skin; tubercle of the lung; adhesions of the peritoneum; respiratory system, disease otherwise unclassified; digestive system, disease otherwise unclassified. Some seven thousand and a half; 7,500.

Sir EUGENE Fiset: If this is the case, Col. Thompson, when adjusting the man's pension, they are given a higher classification, owing to the fact that they require special diet?

Col. THOMPSON: Yes.

Sir EUGENE Fiset: Have you in these cases notified the soldiers' advisers, or the pensioner himself, that these pensions had been increased, in order to provide for the special diet needed?

Col. THOMPSON: It is not increased; it is provided in all cases. For instance, a man in the ordinary labour market may be absolutely physically fit for any class of work, but supposing for instance, his jaw condition is such that he cannot eat rough food.

Sir EUGENE Fiset: That is not the point I am getting at. The point is this: if a man was told when getting his pension that he had been given a higher classification, owing to the fact that he required a special diet, then he would have no cause to complain.

Col. THOMPSON: No.

Sir EUGENE Fiset: Has he been informed?

Col. THOMPSON: He is always informed, on his examination, surely.

Mr. ADSHEAD: But supposing a man is getting a pension, and this particular allowance is required after he has been pensioned; if he is in hospital, and then on going home, in order to get well, he has to have this particular diet at home; is a uniform amount granted in order that he may get this particular diet which he cannot afford out of his ordinary pension? That is the situation as I see it, that we are discussing.

Dr. KEE: It is based on his condition when he leaves the hospital.

Mr. ADSHEAD: His pension is increased?

Dr. KEE: Yes.

Col. THOMPSON: I understand your point. This diet is required for a condition which arises subsequent to discharge?

Mr. ADSHEAD: Yes.

Col. THOMPSON: He goes into hospital for treatment, and on discharge from hospital, it is apparent that while he did not require special diet before, he does require it now, and it is a pensionable condition?

Mr. ADSHEAD: Yes.

Col. THOMPSON: That would be taken into consideration when assessing his pension.

Mr. ADSHEAD: After he had been in hospital?

Col. THOMPSON: Yes.

Mr. ADSHEAD: There was a case cited where a man had an ulcer of duodenum, and he had to have five or six bottles of milk, and some cream per day, and he could not afford it out of his ordinary pension. You remember the case? That would be allowed for?

[Col. Thompson.]

Dr. KEE: A man who has any disease may be put on diet, but it is very hard to figure out what diets are costing, for different diseases. In fact, most men being treated for diseases, the diet which they require costs less than the ordinary diet for a good healthy man.

Mr. ADSHEAD: But if it will cost a good deal more than the ordinary, you make allowance for that?

Dr. KEE: In respect to diabetes; there may be some extra cost for that one disease, because there is a special bread required, which I understand costs more than the ordinary bread, but I believe the Department is furnishing them with that flour. Is that right, Mr. Scammell?

Mr. SCAMMELL: In certain cases, yes.

Dr. KEE: Considering it part of their treatment.

The VICE-CHAIRMAN: Do you understand this situation, gentlemen? Then, we will take up No. 19. This affects retroactive adjustments of pensions. It refers to section 27, subsection (b). Section 27 reads as follows:—

Pensions awarded for disabilities shall be paid from the day following that upon which the applicant was retired or discharged from the forces except (a)—

And then this is the one under consideration:

(b) in the case in which a pension is awarded to an applicant the appearance of whose disability was subsequent to his retirement or discharge from the forces, in which case a pension may be paid from a date six months prior to the day upon which application for pension has been received or from the date of the appearance of the disability whichever is the later date;

Mr. THORSON: How many cases of post-discharge disability pensions are there?

Dr. KEE: Since the war?

Mr. THORSON: I am dealing solely with the question of post-discharge disabilities attributable to war services, which do not date back to the date of discharge. How many cases of that are there?

Dr. KEE: During the month of February?

Mr. THORSON: No, all together.

Dr. KEE: All together, that have been admitted since discharge from the army?

Mr. THORSON: Yes, where the pensionable disability does not go back to the date of discharge?

Dr. KEE: It would be very difficult to get those figures, Mr. Thorson.

Mr. THORSON: That is the only class affected by this suggestion.

Dr. KEE: There are a large number, of course. I might give you a monthly rate.

Mr. THORSON: That would be some information.

Dr. KEE: Indicating how they are coming in. During the month of February, there were 380, I think. And, out of that number there might be five per cent that went back to war service; that is, that started from discharge.

Mr. THORSON: This section deals only with those cases that do not go back to the date of discharge?

Dr. KEE: Exactly.

Mr. THORSON: I think it would be useful for the Committee to know the number of cases that would be affected by this suggestion.

Dr. KEE: There are a very large number. I should think 90 per cent of all cases that are admitted.

[Dr. Kee.]

Mr. THORSON: You would say 90 per cent of the pensionable cases, are cases of post-discharge disability, not going back to date of discharge?

Dr. KEE: Yes.

Col. THOMPSON: I think you refer to this type: A man is discharged with an amputation of the leg, and nine years after discharge, sarcoma sets up in the sight of the amputation. He would be pensioned for that, and he would be pensioned from the date of the application, and not from discharge. The sarcoma did not start at the date of discharge.

Mr. THORSON: I am thinking only of the case of pensionable disability that does not go back to the date of discharge.

The VICE-CHAIRMAN: You think ninety per cent of all the cases?

Dr. KEE: Yes. You see, we are ten years away from the war; from discharge.

Mr. THORSON: Putting it in another way; only ten per cent of the pensionable cases that you have now, had their pensions going back to the date of discharge?

Dr. KEE: Only ten per cent of those that we are admitting now, as related to service, would go back to discharge. I think less than ten per cent.

Col. THOMPSON: That would not apply to those on pension, because a lot are amputations.

Mr. THORSON: I would like to get the proportion of pensionable cases that would be affected by this suggestion.

Dr. KEE: Those that were put on pension on discharge, you would not count at all?

Mr. THORSON: They are not affected by this.

Dr. KEE: No.

Mr. THORSON: In these cases, where the pensions were made retroactive to the date of discharge, they would not be affected by this?

Dr. KEE: No.

Mr. THORSON: But all other cases would be?

Dr. KEE: This is a very important suggestion.

Mr. THORSON: I was wondering if you had information as to the number or percentage of pensionable cases that would be affected by this suggestion?

Dr. KEE: Well, at least over 90 per cent of those we are admitting to-day.

Mr. THORSON: That is not what I was asking. All the pensionable cases?

The VICE-CHAIRMAN: In all the cases that are existing now, what percentage would go back to discharge?

Mr. ARTHURS: All those cases would not be affected by this.

Mr. THORSON: Yes, they would all be affected.

Mr. ARTHURS: No, if a man applies for a pension now, for a disability due to war service, if there is any notation in his medical history sheet that he had anything akin to this, he is pensioned from the date of the appearance of the disability regardless of whether it was six months or not.

Mr. THORSON: I thought that went back to the date of discharge where there is a notation on his papers that establishes continuity of the disability.

Dr. KEE: Not necessarily.

Mr. ARTHURS: But, he was not disabled until a certain point, and it only goes back to the disability point.

Dr. KEE: That is right.

Col. THOMPSON: There might not be any disability for years.

[Col. Thompson.]

Mr. ARTHURS: So it only goes back to the disability.

Col. THOMPSON: Yes.

Mr. THORSON: There is one case going back to the date of the disability.

Dr. KEE: There is a third case, where he gets something on discharge, and he comes back again; he would be pensioned from the date of the disability.

Mr. THORSON: Only when he was pensioned from discharge?

Dr. KEE: Yes, a gratuity of say \$25.

Mr. THORSON: It may clear up.

Dr. KEE: Exactly.

By Mr. Thorson:

Q. But there is no other case?—A. That is the only case.

Q. If there is a disability the pension is made retroactive only to the date of the pension, or six months to the date thereof if it is post-discharge?—A. Yes, that is correct.

Q. Those are considered as disability from the date of the discharge, and the pension is made retroactive to the date of the discharge?—A. No, not exactly.

The VICE-CHAIRMAN: Would it be possible to get the approximate number of cases which have been mentioned from a date subsequent to the discharge, because they would all come under it.

Mr. THORSON: That is what I was asking for.

WITNESS (Dr. KEE): I can give it to 1923. The statistics then, I am afraid, were not very good.

The VICE-CHAIRMAN: I suggest that this matter be left over until to-morrow, until the Doctor sees what number of cases would be affected by this suggestion.

By Mr. Speakman:

Q. That is another case where it is different, but it is in general within the six months' limit?—A. Those have been already dealt with, and they would not be affected one way or the other. I merely mention that because it might have some bearing on it later on.

The VICE-CHAIRMAN: Major Power received a letter from a gentleman in Toronto, who wrote saying that he would like to appear before the Committee. I had better read this letter into the record. It is dated March 17, 1928, and is addressed to Major Power.

Replying to yours of March 15th.

The Claims Branch of this Commission was brought into being in October, 1923, since which time we have acted as advocate in some seven or eight thousand cases. Over a thousand of these cases have been satisfactorily settled by way of either the concession of entitlement to pension and treatment or increased pensionable assessment.

We find, however, that cases are now being filed with us in astonishingly increasing numbers and we are at present acting in no less than eighteen hundred cases.

As you will appreciate the proper presentation of these cases entails a great deal of detail work, and as all evidence must be first submitted to the Board of Pension Commissioners in any case, whether for entitlement or increased assessment, I want to say that we could not have carried on satisfactorily but for the very kind co-operation and assistance given to us by the Board and its medical advisers.

[Col. Thompson.]

Generally speaking, our experience is that the present machinery available to ex-soldier representatives is adequate and leaves little room for complaint.

I do not wish to be misunderstood when I say that to my mind the major cause for complaint amongst ex-soldiers and their dependents to-day is rather by reason of the fact that their case has not been properly prepared and presented, than through any lack of consideration on the part of either the Board of Pension Commissioners or the Federal Appeal Board. I will go further and say, that after reading the evidence placed before your Committee, the great danger, to my mind, now appears to be that the present comparatively simple procedure may become complicated through the introduction to the Pension Act of indefinite and troublesome clauses such as the proposed amendment affecting the meritorious clause, the proposition to empower the Federal Appeal Board to make diagnosis and hear appeals on assessment.

Between eighty and ninety per cent of all cases coming to us are appealable. It so happens, however, that a number of these (perhaps ten per cent) are allowed by the Board of Pension Commissioners upon new evidence. The balance are mainly cases of claims to dependency pension. Of the whole of the cases coming to us perhaps five per cent are claims for increased assessment.

(Signed) HARRY BRAY,
Claims Branch.

Mr. ADSHEAD: If he comes, it will be on his own responsibility.

The CHAIRMAN: That is understood.

The Committee adjourned until Thursday, March 22, 1928, at 11 a.m.

THURSDAY, March 22, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. Power, presiding.

(After discussion as to whether a certain witness, Mr. Bray, should be called.)

Mr. MACLAREN: I move that the matter be dropped. There is no complaint and we are here to hear complaints.

Mr. THORSON: If the soldiers' advisers are not doing their duty properly, that should be cleared up.

Mr. SANDERSON: I move that the gentleman be summoned. We should have him before the Committee as a witness.

The CHAIRMAN: Is it the desire of the Committee that Mr. Bray be summoned?

Mr. MCGIBBON: We have more work now than we can do, why summon unnecessary witnesses. He has no complaint.

The CHAIRMAN: His complaint is that the other people do not present the cases to the Board properly.

Mr. MCGIBBON: That is the business of the other people, and not his.

The CHAIRMAN: All in favour of the motion that the witness be summoned? There are six in favour, and seven opposed. The motion is lost. We will now proceed with the business of the Committee.

Mr. MCLEAN (Melfort): Submission 21 was the next one.

Col. THOMPSON, Dr. R. J. KEE and J. A. PATON, recalled.

Mr. THORSON: No. 19 was not finished. I asked certain questions about the number of cases that would be affected by suggestion 19.

Dr. KEE: We have only been able to get the cases that were affected from March 1925, to March 1928, during yesterday afternoon.

In the year 1925 there were 743.

In the year 1926 there were 1,513.

In the year 1927 there were 1,615.

In January and February, 1928 there were 307.

Making a total for the three years of 4,178.

Mr. THORSON: What percentage would that be of the total number of cases in respect of which pensions have been awarded?

Dr. KEE: There would be an addition to this of judgments allowed by the Federal Appeal Board, which I have not at hand this morning, during the year.

Mr. THORSON: Have you those figures?

Dr. KEE: Yes, we have those figures.

Mr. THORSON: What percentage would that be of the total number of cases that came before you in respect of which you did assess pension?

Dr. KEE: I think we have those figures here. I think Colonel Thompson has those.

Mr. THORSON: This is under Section 27 of the Act, suggestion No. 19.

Dr. KEE: I am afraid we have not got them entirely. There are about $22\frac{1}{2}$ per cent admitted of all cases that come before the Board. So, that these would be about 78 per cent. There would be $22\frac{1}{2}$ per cent added to this.

Mr. THORSON: I do not quite understand what you mean?

Dr. KEE: Seventy-eight and a half per cent are rejected of all cases coming before the Board.

Mr. THORSON: What percentage would this be of those that are allowed by the Board?

Dr. KEE: If these were allowed there would be $22\frac{1}{2}$ per cent of all cases coming before the Board.

Mr. THORSON: You allow $22\frac{1}{2}$ per cent of the cases that come before your Board?

Dr. KEE: Yes.

Mr. THORSON: Of that $22\frac{1}{2}$ per cent, what percentage is affected by this suggestion?

Dr. KEE: All.

Mr. PATON: Your question is what percentage?

Mr. THORSON: What percentage would be affected by this suggestion 19?

Mr. PATON: Those that go back to discharge?

Mr. THORSON: Those would not be affected?

Dr. KEE: No.

Mr. PATON: I think these figures which I have might help you, Mr. Thorson. For the calendar year 1927, there were approximately 1,650 cases on which entitlement was allowed under this section of the Act. That would be from the date of application or six months prior to the date of application.

Mr. THORSON: You gave those figures already. What percentage is that of the total pensions awarded?

Mr. PATON: During that period?

Mr. THORSON: Yes.

Mr. PATON: I could not answer that question definitely. I have not got the figures here.

Mr. THORSON: So far, we have not any idea of what percentage of the pensionable cases would be affected by this suggestion.

Dr. KEE: I see your point. At least 95 or over 95 per cent.

Mr. PATON: Yes, it would be a very high percentage.

Mr. THORSON: Dr. Kee says 95 per cent. In only five per cent of the cases in the last few years has pension been made retroactive to the discharge?

Dr. KEE: Yes.

Mr. SPEAKMAN: There is another class that would not be affected, I suggest. The class where the disability in its origin has been evident within six months; they again would not be affected.

Dr. KEE: If the disability is present on discharge?

Mr. SPEAKMAN: No, cases of disability pensionable on discharge would not be affected by this clause of the Act.

Mr. KEE: No.

Mr. SPEAKMAN: Nor would the cases where the disability became pensionable within six months. So those two classes would be eliminated.

Dr. KEE: That is right. There are five per cent; probably about that, of all cases that might be retroactive back to discharge, even though the man was discharged fit.

Mr. ROSS (Kingston): Does the Board accept the discharge as correct?

Dr. KEE: Not necessarily

Mr. ROSS: How can you disprove or prove it?

Dr. KEE: If a man is discharged fit, and he is examined by a local doctor or someone, and obtains a report on his condition within six months or a year showing that he could not possibly have been discharged fit, then we would say he was not discharged fit. For instance, a gun-shot wound.

Mr. ROSS: That would have to be proved?

Dr. KEE: Yes.

Mr. ROSS: Where the trouble comes in, with the discharge, is in the medical testimony.

Mr. THORSON: There could be no trouble with a gun-shot or shrapnel wound, but a man comes in for medical treatment. There are hundreds and thousands of these men who took their discharge knowing that they were not fit, and yet were discharged as fit.

Dr. KEE: That is quite true. Some of them are very difficult to arrive at, but we have been holding to some medical evidence within a year or six months or shortly after to show his condition. He comes up in five years and says "I am now eighty per cent or one hundred per cent disabled."

Mr. THORSON: It is harder for him to prove?

Dr. KEE: Yes, it is more difficult for him to prove.

Mr. MCGIBBON: What do you do in cases of that sort?

Dr. KEE: We pension from the date of his application, for six months prior; unless he can produce some evidence from some medical men who have examined him.

Mr. MCGIBBON: Examined him when?

Dr. KEE: Within a reasonable time of discharge.

Mr. ROSS: Here is a case of a man who has been attended by the D.S.C.R. representative almost from the time of his discharge, and yet he is refused. You have absolutely refused that case.

Dr. KEE: We might have the report of the D.S.C.R. that the man did not show any disability.

Mr. ROSS: But I would not bring up a case where the medical man did not show disability. This is your own representative.

Dr. KEE: If our own representative assessed him or described the case, we would assess him, we will admit it.

Mr. ROSS: I will bring up a list of cases and that will be one of them.

Mr. ADSHEAD: That is to say, if the medical officer of the army discharged the man as fit, and your man examined him say five years afterwards, and said he was not fit, or was not fit at the time of his discharge, you would give him a pension?

Dr. KEE: No, not necessarily.

Mr. ADSHEAD: In another case, you said the other day, did you not, that where a man had been discharged, and had a pension for five years, that when your medical man found that he should not have a pension you cut him off immediately; you cut them off immediately, but do not put them on immediately.

[Dr. Kee.]

Dr. KEE: Well, you are talking about retroactivation. That is rather a different matter.

Mr. McGIBBON: Have you ever been convinced that an injustice had been done to these people by the law?

Dr. KEE: Well, a man might have a condition on service that improves. He is discharged fit. Three or four years after discharge, he is examined, and an assessable condition is found. He had it on service. He had nothing at discharge. Now, he may have been to a medical man in the interval.

Mr. McGIBBON: I should like an answer, "yes" or "no" to that question. I am not trying to corner you. Amendments to this Act are not necessarily amendments to principle. Have you been convinced that injustice has been done under the law to men of that kind? That is, have there been cases that you were convinced were attributable to service that you could not tie up with his discharge?

Dr. KEE: Yes. We have had cases.

Col. THOMPSON: There are instances where the man would have retroactivation at an earlier date, if he had applied to the D.S.C.R., or to the Board of Pension Commissioners, instead of being treated by his own medical man. For instance, a man was discharged fit, and properly discharged fit. Three years after discharge, he seeks medical advice from his own practitioner, who attends to him. He makes no application for two or three years after that for pension, either to the Board, or to the D.S.C.R. If that man in the first instance had applied to the D.S.C.R., or to the Board, he would have been pensioned from the date of his application or prior to that. In such a case as that, while he is not suffering from a disability say, for two years, he would not receive a pension during that period. In my opinion, the number who are suffering from an injustice so to speak, or who require attention under those conditions, is small.

Mr. McGIBBON: Have you any suggestions that would prevent that? I am trying to get suggestions that will overcome the imperfections of the Act, if there are any. I presume there are.

Dr. KEE: It is a question for this Committee to decide, as to the Act.

Mr. McGIBBON: But you have been administering this Act and you, of necessity, must know its imperfections better than we who have not been either administering, or making a special study of it. Have you any suggestions to overcome the imperfections of the Act?

Dr. KEE: In making any suggestions along this line, one is up against the proposition of why the Act was put that way; why this was drawn in the first instance; whether a man could come up ten, fifteen, or twenty years after for retroactivation.

Mr. ROSS: It is not fair, Dr. Kee, to put this ten, fifteen or twenty years after. We have cases within ten years. It is putting it ridiculously before the public when you take twenty to fifty years. We will give you case after case where injustice has been done by your recognition of the disability and where the man cannot prove the fact. Colonel Thompson says this morning that if a man had come to one of the D.S.C.R. doctors; we can give him a case where a man over in the States has come. He has spent dollars and dollars on Cod Liver Oil and medicines and he comes over here and dies in the hospital of consumption. That man was refused. He had no chance to go to the D.S.C.R., but the fact is that he dies of consumption within nine years. He cannot say that he went to a doctor, because he went to a drug store, and was taking what is known as a common treatment for that complaint, Cod Liver Oil, and the preparations of it.

Dr. KEE: You are asking me to say whether I consider it an injustice?

Mr. Ross: No. Dr. McGibbon and I have asked you if you had suggestions to make. Surely you are in a position to put forward suggestions that men were suffering under the Act. You have mentioned disability, appearing sometime after discharge, and so on, and Dr. McGibbon says, after all your years of experience, surely you can give us something, but you get behind this Act, and say, "we have the Act."

Dr. KEE: My suggestion is that if this Committee wants these men to get pensions from the date the disability starts, the Act will have to be amended.

Mr. Ross: Now, is that an answer? As Dr. McGibbon says, you are in constant touch with this Act, while we are here to-day and away to-morrow, and you are better able to give suggestions, perhaps, than we are, but of course, if you just want to take that view, that is all we can ask.

Dr. KEE: I want to be thoroughly understood. These men are out of pension over the time Col. Thompson mentions. There is no doubt of that. Now, is it considered an injustice that they should be out of pension because they do not apply? Or should they apply? Or should they be penalized because they do not apply?

Mr. McGIBBON: You do not understand at least my attitude of mind. I am not here to criticize the Board of Pension Commissioners. I take it for granted that you have administered the Act legally. I do not think the Act is perfect, and what I am trying to get at for myself is the suggestion that would be helpful in amending the Act so as to overcome the difficulties of the Act. I am not trying to catch anyone on the Pensions Board.

Dr. KEE: I am sure I do not think you are doing that. I am trying to answer you.

Mr. McGIBBON: We are here between two parties, the State on the one hand, and the pensioners on the other, trying to frame an Act that will do justice to both.

Dr. KEE: Quite so.

Mr. McGIBBON: You must be more familiar with the working of the Act than I am, and I think if I were in your place, I would be able to say to this Committee "I believe an amendment along this line would be helpful; on the lines of justice." That is all I am trying to get at.

Dr. KEE: Well, I have discussed it with a great many, if this is an injustice to the man. Some disagree with me; others agree. Mr. Bowler thinks every man should be pensioned from the date of the disability. I do not know that he is wrong, and I do not know that he is right. It is a matter of opinion, very much.

Mr. Ross: I do not think it is a matter of opinion. It is a matter of justice.

Mr. McGIBBON: If a man's disability is attributable to the war, either directly, or indirectly, the Statute owes him compensation.

Dr. KEE: Quite so.

Mr. McGIBBON: We are trying to determine that compensation fairly, as between the State and the individual. Personally, all I am looking for is helpful suggestions. I am not in a critical mood.

The CHAIRMAN: This example that Col. Thompson has just given me might have been given before. It has been made clear to me, I think, just what is the question involved. A man returns from overseas with, we will say, a scar of a gun-shot wound in the wrist, or perhaps, a piece of shrapnel still remains. He is absolutely fit, and it does not hurt him a bit. Three or four years afterwards, he goes to his own medical practitioner, and he gets a little

[Dr. Kee.]

attention and a bit of a bandage put on, and the trouble disappears, and there is nothing more to that. Ten years afterwards, he goes back, and they find this thing has caused some trouble, and they have to amputate the arm. The question then arises shall he be pensioned from discharge, or from the time when he really had such a disability as rendered him incapable of carrying on his occupation. That is the way I understand it. Now, there is a broad understanding of the question. That is not fixed by medical questions.

Mr. McGIBBON: I quite agree with that. As I understand it, the Pension Board are handicapped by the Act in administering justice. Now, all I want is to have their suggestions as to in what way the Act can be amended.

The CHAIRMAN: If you will allow me to go further; in this particular case, for the first three years, and possibly for five or ten years, this man suffered no incapacity which would have prevented him from earning his livelihood in the common labour market, and therefore, under the Act, the Board considered that he was not pensionable; but, from the moment that he had his arm cut off, and became incapable of doing his ordinary work, then he was pensionable, and they would give him pension from that date, and not from the date of his discharge.

Col. THOMPSON: Then, there is a third class, if I may interrupt for a moment.

Mr. ROSS: That case is not in line with what we have asked, because the possibility was there some time before that.

Col. THOMPSON: Then, you get into the third class.

The CHAIRMAN: But the suggestion of the Legion is, that he be pensioned up to the time of his discharge, whether for any portion of that period he was actually incapable of working or not. That is to say, he would get a reward instead of a pension.

Mr. BOWLER: Mr. Chairman, may I correct that?

The CHAIRMAN: Am I wrong in that?

Mr. BOWLER: Yes. Perhaps I will say something which will really clear up what you want. The point is quite intricate. We take the broad principle that a man should receive pension for incapacity from war disability at such time as disability has occurred during the post-discharge period. That is the ground we take. That is, only from the moment the disability appears do we want pension paid, and we want it as long as it exists.

The CHAIRMAN: Not necessarily back to the time of discharge?

Mr. BOWLER: No, sir.

Mr. McGIBBON: May I ask you a question there? Does the Act allow the Pension Board to do that, under its present form?

Mr. BOWLER: No.

Mr. McGIBBON: Then what will it do?

Mr. BOWLER: May I answer the question first, then the whole basis of our contention will be cleared. It does in some cases. If you can satisfy the Board of Pension Commissioners that there was an assessable degree of disability at the date of discharge, then you can get it all the way back. If you cannot satisfy them on that point, then it does not matter how soon after you satisfy them, you can only get it from the date of application.

Mr. THORSON: If there is an interval after discharge during which the man suffered no disability, the Act does not permit retroactivity to the commencement of the disability.

Mr. BOWLER: That is true.

Mr. McGIBBON: Excluding your first case, that is provided for. If you have a case that is not provided for, what recommendations have you got? I am asking for my own information.

[Col. Thompson, and Mr. Bowler.]

Mr. BOWLER: Our recommendation is as stated. He should have a pension for disability, from whatever date it starts.

Mr. MCGIBBON: What amendments would you suggest to the Act to enable the Board to do that?

Mr. BOWLER: You would have to wipe off the proviso.

Mr. McLEAN (Melfort): I think, Mr. Chairman, the amendment is quite simple, if you want it; and that is, that under the section, it gives power to pay this pension from the date of disability, or six months previous to the application, whichever is the later date. Now, if you change that to whichever is the first date, and you prove your disability—the first date would come in ahead of the six months in a number of cases.

The CHAIRMAN: Instead of which is the later date, which is the first?

Mr. McLEAN: Yes. If a man can show disability, one year before his application, he can only get pension for six months before his application; but if it was changed to the first date, then he could get it for one year prior to his application.

Mr. MCGIBBON: What does the Board's representative say? Would that cover it?

Dr. KEE: I think so. I think that would cover it.

Mr. BLACK (Yukon): The recommendation made by the Legion is clear enough in this suggestion 19 of theirs; that provision be made for payment of pension in accordance with the extent of the disability shown to exist during post-discharge period.

Mr. McLEAN: Well, that would be the effect if we changed it to the first date.

The CHAIRMAN: Now, Col. Thompson, could you tell us whether the suggested amendment of the Legion would not involve difficulty, if they accepted the suggestion in the way of including a number of cases which, probably, they do not intend to include.

Col. THOMPSON: I could not say definitely as to that this morning.

The CHAIRMAN: Dr. McGibbon has stated clearly, I think, the position of the Committee. We do not want to impose an undue burden on the country, and if the amendments suggested appear to be too broad, and take in classes we do not want to take in, we want the Pension Board to tell us.

Col. THOMPSON: The difficulty is one of administration. Now, at this present moment, a man makes an application for say, tuberculosis. He produces a certificate from a medical practitioner saying that "eight years back I treated this man for tuberculosis."

Mr. ROSS: Col. Thompson, will you please state that a little louder. You say, if he produces a certificate.

Col. THOMPSON: If he produces a certificate now, for the first time, in 1928, that "I have treated this man eight years ago;" the man would say "that was the starting of my tuberculosis"; we have no means of estimating his disability. It might have been one hundred per cent, or it might have been negligible up to the time that he makes his application in 1928.

Mr. MCGIBBON: Have you any suggestions that would help us? If you cannot give them right offhand, perhaps you can do so later.

Col. THOMPSON: You are asking me to consider it, and think it over?

Mr. MCGIBBON: I would suggest that you consider it, as a board, and see what suggestions you can give us.

Dr. KEE: He may have been 100 per cent when that was made, or he may have been 10, 15, 20, 50 or upwards; it is difficult to arrive at it.

[Col. Thompson, and Dr. Kee.]

Col. THOMPSON: It may be that the disability appears and disappears again.

Dr. KEE: He may have no medical evidence at all.

Mr. MCGIBBON: There may be injustice done, and it is to overcome that injustice that I made the recommendation. I recognize the difficulty, as well as any man, but I still think that we ought to give you a little light, by amending this clause. I believe that it is better for ninety and nine guilty men to go unpunished, than for one innocent man to suffer.

Mr. GERSHAW: Have you any information that would give us an idea of what this would cost, supposing this recommendation were put into effect?

Dr. KEE: Mr. Scammell had some figures, I believe. It is very difficult to arrive at any definite figure.

Col. THOMPSON: It would be impossible, because one does not know at this time, although the man may be 100 per cent disabled, we have absolutely no means of knowing what he was, say six years ago.

Mr. GERSHAW: It would open up pensions for a greater number, would it not?

Mr. THORSON: If there is an injustice, it ought to be recommended, no matter what the cost.

The CHAIRMAN: It is only reasonable that we should state to the House the approximate cost.

Dr. KEE: This might give you some idea. These are the figures I gave to Mr. Thorson. During the last three years there were 4,178 cases affected, in which we said, "pension from date of application, or six months prior". A number of those may not show any change, because there is nothing to show disability prior to the time they came.

Mr. MCPHERSON: You could take it for granted that any that were in in six months had been disabled, at least, six months, if not longer.

Mr. ROSS (Kingston): Would you accept a statement from a reliable doctor that, if a man had bronchitis, there was some time between then and his actually complete disability, in which he was incapacitated?

Dr. KEE: Yes.

Mr. BLACK (Yukon): The question of attributability would still be open. If he thought that he had bronchitis years ago, it would not necessarily follow that it was a war disability?

Mr. MCGIBBON: You cannot get away from the fact that that is often a foundation for it.

Dr. KEE: Quite.

Mr. MCGIBBON: You recognize that you have an extremely difficult job?

Dr. KEE: Yes. It is very difficult to arrive at the assessment. It would be a case, more or less, of taking all the circumstances of the case into consideration.

Mr. MCGIBBON: I do not know how you are going to get over it without giving the Board of Pension Commissioners quite a bit of power.

Mr. ROSS (Kingston): I would like you to reconsider that, about the D.S.C.R. Some of these fellows have been going to these D.S.C.R. people for one or two years, and they are a little bit prejudiced. After the war you could get any private doctor to examine you, but now, after two or three years, these doctors are claiming, "why should I be bothered with giving a certificate". Where a man is hundreds of miles away from the D.S.C.R., unless some person applies for him, either to the Commission, or to a member, or some person else, that man is left there without being brought into the D.S.C.R. for examination.

Mr. MCGIBBON: There is a great deal of criticism, rightly or wrongly, of the doctors in the D.S.C.R. not giving a thorough examination.

[Col. Thompson, and Dr. Kee.]

Dr. KEE: A man may come up there year after year, and sometimes they may take exception. The Department is always willing for us to call in an outside man, and if we think a man is not satisfied with the doctors that have been looking after him, or reporting on him, we will appoint a board of arbitration.

Mr. McGIBBON: I had a boy come to me, not a month ago, who said that he had been called down for examination and they had not even stripped him. They did not spend five minutes on him, but just turned him out. These boys feel that they have not had a thorough examination, and that their case has not been gone into properly. I am not saying that that is true, but that is the attitude of a large number of pensioners.

Mr. ADSHEAD: That they are not sympathetic towards the soldier?

Mr. McGIBBON: It is a routine thing; they have the file down there, and they just look up his past examinations.

Dr. KEE: There is always a danger of getting into a groove, especially where a man is sent back a number of times.

Mr. HEPBURN: Will you explain how a man who went into the army medically fit, and had a discharge on account of medical unfitness, is unable to obtain a pension?

Dr. KEE: He would not be in receipt of a pension unless the disability was aggravated on service.

Mr. HEPBURN: I have a case of a man who enlisted in 1916. He was discharged at the end of the war, due to medical unfitness. He had a gunshot wound in the left hip, and a gunshot wound in the abdomen, which became aggravated later and necessitated his having his kidney removed. He has been in a weakened condition ever since. I understand that he went to a soldiers' representative, but no action was taken. The man is not very assertive, he cannot very well handle his own claim, but the thing that puzzles me is that they admit he was discharged for the reason of medical unfitness, and yet he has never been in receipt of a pension. I would imagine that a man who has had his kidney removed is weakened, and he is precluded from doing hard labour, and that is about all this man is fitted for.

Dr. KEE: I would like to have the file, because there must be some reason for that.

Mr. HEPBURN: That is why I want to know.

Dr. KEE: If you will give me the number, I will draw the file.

Mr. HEPBURN: He was discharged for medical unfitness, and discharged without a pension, and has never been in receipt of a pension.

Col. THOMPSON: The next suggestion is No. 20. The suggestion is that section 28, subsections 1 and 4, be amended to provide that the refusal of treatment, by a pensioner, suffering from a mental or neurological condition, shall not necessarily be deemed to be unreasonable.

Mr. THORSON: We dealt with that.

Col. THOMPSON: I was going to say that my comments would be the same, as to suggestion 15.

Mr. THORSON: It brings in the whole question of neurasthenia, does it not?

The CHAIRMAN: That was the one in which a case was cited of a man who disappeared?

Mr. ARTHURS: Perhaps Colonel Thompson could tell us how many pensions have been cut off, during the last two or three years, because men did not come up for examination, as ordered. That comes under this clause?

[Col. Thompson, and Dr. Kee.]

Col. THOMPSON: No, because there are other conditions. There are the men who are not neurasthenics.

Mr. ARTHURS: I am talking of neurasthenia, or any other class.

Col. THOMPSON: You want the whole class? We can get it, probably.

Mr. ARTHURS: That came up before the Committee, on another occasion, in a much different form.

Mr. PATON: How many were cut off on account of refusal to report for examination?

Mr. ARTHURS: And how many reinstated, of those cut off; perhaps you could give us that?

Col. THOMPSON: This suggested amendment does not refer to examination, it refers to treatment.

Mr. McPHERSON: Colonel Arthurs is speaking of suggestion No. 20.

Col. THOMPSON: That refers to treatment.

Mr. McPHERSON: Suggestion No. 20 is the one where he refuses to appear; that is the one Colonel Arthurs is speaking of. You were speaking of No. 21.

Col. THOMPSON: Suggestion 15, covering section 25 of the Act. Suggestion No. 20 refers to treatment, not examination.

Mr. McPHERSON: Suggestion No. 20 covers section No. 28.

The CHAIRMAN: The point is that you may refuse a pension if the man refuses to undergo treatment.

Mr. ARTHURS: The same thing is true if he refuses to come up for examination. Perhaps we could have both those figures.

Mr. THORSON: We asked for those yesterday.

Col. THOMPSON: I do not think so.

The CHAIRMAN: Get the figures in both cases, examination and treatment.

Mr. ARTHURS: There are many men that are cut off because they refuse to undergo an operation; that is what I am asking for.

The CHAIRMAN: I suppose this treatment would also cover operations?

Mr. PATON: Do you wish the figures on that question to refer to neurological cases, because that is the only type of case in which a pension is discontinued if he does not report for treatment? In other cases, the pension may be reduced by fifty per cent, but it is only in neurological cases that the pension will be discontinued if he does not report for treatment.

Mr. ARTHURS: I think they cut off fifty per cent twice a year, in some cases.

Mr. PATON: I do not know of any case like that. It is only in neurological cases that it is suspended. Even if it were cut fifty per cent, twice in the year, the man would still be getting fifty per cent of his pension, because the pension is paid monthly; the man who refuses to report for treatment who is not a neurological case—

Mr. ARTHURS: How can you tell whether it is a neurological case or not?

Dr. KEE: A doctor may report that a man has a hernia, and that it should be operated on, and he will not have the operation.

Mr. ARTHURS: Take the case of a man who is suffering from a serious wound in the head; he is not in the same condition he was in before the war. I have the case of a man where the pension has been cut off because he refused to go down for treatment, or examination, I do not know which.

Mr. McGIBBON: Was he mentally unfit?

[Col. Thompson, and Dr. Kee.]

Mr. ARTHURS: Ever since the war he has been suffering from a gunshot wound in the head.

The CHAIRMAN: Was he pensioned for the gunshot wound in the head?

Mr. ARTHURS: I think so. Anyway, the man, since his hospitalization, has not been absolutely normal.

The CHAIRMAN: The point, Mr. Arthurs, is that, in so far as the Board of Pension Commissioners are concerned, he is not a neurological case.

Mr. ARTHURS: He should be.

The CHAIRMAN: But they do not know, because they cannot examine him.

Mr. ARTHURS: They had examined him previously.

Dr. KEE: We do not do the examinations ourselves.

Mr. McGIBBON: Do you think it is something against the man, when you say, "you have a hernia, and you refuse an operation." Why should not the man refuse an operation?

Dr. KEE: I do not know but that the man is right. I might refuse myself. The French allow them to retain their disability, and give them a pension. Our country says, "if you do not have the operation the surgeon says you should, we will cut you down by fifty per cent."

Mr. Ross (Kingston): If you removed that section where you say you will not assume responsibility for operations, there would be hundreds of those fellows that would take them. You should say to the man, "now, you come up for an operation on hernia. If this operation makes you worse, we will assume the responsibility."

Dr. KEE: We do.

Mr. Ross (Kingston): Oh, no. You have a clause in there in which you refuse the responsibility. I am going to bring up some cases, just to show you.

Dr. KEE: If he came up for operation for hernia, and he had a toe that needed operating on, and that made him worse, if it was not related to service, we would not pension for that.

Col. THOMPSON: The invariable practice of the Board, if a man is in hospital and is operated on to reduce a disability, is that we assume responsibility for anything that happens to him with regard to that operation, even if they kill him.

Mr. McGIBBON: I do not think that is just fair. There are a lot of people, you know, who are mentally and morally horrified of an operation.

Dr. KEE: That is right.

Mr. McGIBBON: And they might possibly rather lose their pension than suffer.

The CHAIRMAN: I think the Committee would like to have the point raised by General Ross cleared up; that the Pension Board cannot, under the Act, assume responsibility for any injury, if it is more injurious than that which the man had before the operation.

Mr. Ross (Kingston): I am perfectly satisfied, when he says they do that.

Mr. McPHERSON: I think the distinction is in the case where the operation is for some disability not connected with war service.

Mr. Ross (Kingston): Why should they operate on that case at all?

Mr. McPHERSON: Merely for the man's own health.

Mr. Ross (Kingston): Why should they have anything to do with a thing that is not related to war service?

[Col. Thompson, and Dr. Kee.]

The CHAIRMAN: If you operated for hernia, and he died of heart disease while on the table, would you pension his widow?

Dr. KEE: We would, because he would be killed by the operation.

Mr. ROSS (Kingston): A man is examined, and you say, "you have pyorrhea, you must have these teeth out." Is that man liable for dental treatment?

Dr. KEE: If that pyorrhea is considered to be effecting his pensionable disability.

Mr. ROSS (Kingston): On the other hand, where a man comes up for an operation on his toe, which has nothing to do with service, I fail to understand your view on that.

Dr. KEE: That man goes into hospital for an operation for hernia.

Mr. ROSS (Kingston): Why should you, acting as a Government Commission, go and do this thing?

Dr. KEE: We do not do it, General Ross, we have nothing to do with it. He goes into the hospital. The surgeon says, "you want an operation for hernia?" "Yes." "What about fixing your toe up, or will we send you out to a civil institution to have this done?" The man says, "I will have it done here, if you do it free." They do it as a compliment to the man.

Mr. ROSS (Kingston): If you do that, you must assume responsibility. You are not there as civil practitioners.

Col. THOMPSON: The Board has not suggested that there should be any operation on him at all.

Mr. ROSS (Kingston): I know of a man that had an operation and he did not know that they were going to operate on him.

Col. THOMPSON: The Board does not operate.

Mr. MCGIBBON: If a man goes into a hospital and the doctors say that he should have an operation for hernia, if he says he does not want one, you cut off his pension?

Dr. KEE: It is reduced fifty per cent.

Mr. MCGIBBON: Do you think that is fair?

Col. THOMPSON: I do not think Dr. Kee's answer is quite full enough. If the man is in a precarious state of health, we would not reduce him. I think the age limit for hernia is fifty years.

Dr. KEE: If the surgeon says, "here, this man is in good health—"

The CHAIRMAN: It should be unreasonable refusal for treatment. It is a matter for the discretion of the Board there.

Col. THOMPSON: We go by the advice of the surgeon.

Mr. MCGIBBON: If that statement is true, the man has no discretion at all. As I said a moment ago, some men are in such a terror of an operation, it means nothing more or less than hell for them. Now, if you are going to say to that man, in that state of fear, "you have got to have an operation or lose fifty per cent of your pension," I do not think it is at all fair.

Mr. PATON: There are many cases in which the Board has not reduced the pension.

The CHAIRMAN: When a doctor thinks that a man's condition will be improved by an operation, and he refuses, his refusal would be unreasonable in the opinion of the medical adviser; even then, you do not think his pension should be cut off?

Mr. MCGIBBON: I certainly do not. I have known cases of hernia where the people would almost have preferred to die rather than go through the operation.

[Col. Thompson, and Dr. Kee.]

Mr. ROSS (Kingston): I am afraid that this has been held over the men, as a means of getting rid of them. The man is told to take the operation, and he refuses. He may be wrong, and his whole reasoning may be wrong, but I am afraid that that has been held over the man.

Dr. KEE: Dr. McGibbon has a very good suggestion there, that these men have a mental fear of operations.

Mr. MCGIBBON: Because they feel that they will die if they have it.

Mr. ROSS (Kingston): I do not think you should force that man either to go through that torture, or lose half of his pension.

Mr. THORSON: That really is involved in the suggestion of the Legion. I think it is involved with the refusal of treatment, meaning medical or surgical treatment, because that is the only treatment referred to in Section 28. They may have put it a little loosely, but I think the suggestion of the Legion has in mind just exactly what Dr. McGibbon put a little more clearly.

Col. THOMPSON: Dr. McGibbon has reference to the surgical interference, not the treatment.

Mr. THORSON: The treatment that is referred to, in Section No. 28, is medical or surgical treatment. The suggestion of the Legion merely deals with the refusal of treatment. I think we can probably take that as medical, both medical and surgical treatment.

Mr. ROSS (Kingston): You might call it medical, while others would call it surgical.

Mr. THORSON: They have put the idea a little more loosely than Dr. McGibbon did.

Mr. MCPHERSON: I think the Committee should distinguish between those two. For instance, if we amended the Act to say that he shall not have to take a surgical operation before being discontinued. That is a clear cut case. But how about the situation, in a medical case, where a man refuses treatment, when that treatment, in ninety-nine cases out of a hundred, and possibly in every case, would benefit his health? Is he entitled to go down in the health scale by refusing treatment?

The CHAIRMAN: Do you think it would be wise to draw a distinction, from the medical standpoint?

Mr. THORSON: Yes, so long as we understand that clearly. A distinction might be drawn between medical and surgical treatment.

Dr. KEE: How about tuberculosis, Dr. McGibbon? A man says that he will not stay in the sanatorium, but will go home, and he still wants his pension.

Mr. MCGIBBON: Do you have many of those?

Dr. KEE: Some of them.

Mr. ROSS (Kingston): Very often a man feels that he would be better off at home. There is another type of case, the syphilitic suspect. A man may be put up against the blood test a number of times, and finally is asked to take the spinal test. How many men have refused that, and then been sent away without treatment? You have not proved by the blood test, as they have all been negative.

Dr. KEE: The Pension Board have not insisted on men taking the spinal test.

Mr. ROSS (Kingston): I can give you a case where a man was thrown out of treatment, simply because he said, "I will let them do everything else but let them run this needle into my spine."

Dr. KEE: I would like to see more of that case. You must understand that we deal only with the pensionable end of it.

[Col. Thompson, and Dr. Kee.]

Mr. Ross (Kingston): How can you distinguish between the medical end of the D.S.C.R. and your end?

Dr. KEE: There is a big distinction.

Mr. McGIBBON: There is a little distinction there, in that the man could be treated without the spinal puncture. If the blood test has been negative on several occasions, and they still suspect him, they could carry on the treatment, and he should not refuse it.

Mr. Ross (Kingston): He had nineteen blood tests, and then they insisted on the spinal test, which the man refused.

Mr. McGIBBON: And they threw him out?

Mr. Ross (Kingston): They threw him out.

Mr. McGIBBON: I do not think that was fair.

The CHAIRMAN: It leaves the discretion with the Board of Pension Commissioners, absolutely.

Mr. McGIBBON: The Doctor's point is this: "you have got to go through the D.S.C.R." and the Board of Pension Commissioners are behind that fortress, so to speak.

Mr. Ross (Kingston): They insist that this man must go to the D.S.C.R., but then they refuse, when it comes to the critical point.

Dr. KEE: Quite often a man may have a quarrel with the Superintendent, or something like that.

Mr. McGIBBON: In those cases, you could give him the right to select some other sanatorium, the same as a bank does where a man quarrels with the bank manager.

Mr. Ross (Kingston): If "refused treatment" is put on there, the man goes out.

Mr. McGIBBON: I have enough confidence in the Board to know that they would give the right of election to go to some other institution, first. If he refuses to go, then he should be barred.

Dr. KEE: The Department is very good that way. They will move them around from one institution to another, if they are asked.

Mr. Ross (Kingston): I give credit to the Department for a lot of things. They have moved men from here to British Columbia, and then back again, but where there is some little trouble, and the man refuses treatment, there is no way of getting that case to the Board.

Mr. ADSHEAD: That is discretionary with the Board?

Mr. Ross: The man, perhaps, has been fool enough to get drunk once or twice.

Mr. McGIBBON: You must remember that some of them are pretty hard to handle.

Mr. Ross (Kingston): That is all right, but they went through things when the country did not ask them whether they were hard characters or not.

Mr. THORSON: On the question of neurological persons; I understand the present practice is that if a man comes up with neurasthenia, the first thing that is done for him is that he is referred to a neurological centre for treatment?

Dr. KEE: That did happen in the early days, but there are very few referred now.

Mr. THORSON: Would you mind telling me what the pension is now where a claim is made for a pension, based on neurasthenia, or some other neurological condition?

Dr. KEE: A man comes up, and is diagnosed "neurasthenia." We would not suggest that that man should be treated, eight years after the war, for

[Col. Thompson, and Dr. Kee.]

neurasthenia. This section was instituted shortly after demobilization. A great many shell-shocked cases were one hundred per cent disabled, and through treatment at neurological centres they became absolutely normal. At the present time, it is practically non-operative.

Mr. THORSON: You say that subsection 2 is practically non-operative now?

Dr. KEE: Operative in a very few cases only.

Mr. THORSON: But you still continue that practice with any man of that sort, a neurological patient?

Dr. KEE: Always, for a report. Probably not for treatment.

Mr. THORSON: What success has attended the treatment of this class of patient?

Dr. KEE: Very good success attended it shortly after discharge; but at the present time, it is not very good.

Mr. THORSON: Are there many men now in the neurological class for treatment?

Dr. KEE: Very few that have not been transferred to mental institutions.

Mr. MCGIBBON: You recognize that the mental condition to-day was preceded by the neurasthenia?

Dr. KEE: Quite.

The CHAIRMAN: This was stated at the request of Dr. Russell. Dr. McGibbon will remember that these cases were stated to have been treated by Dr. Colin Russell.

Mr. MCGIBBON: The experts make a hobby of their own specialty, and they get a little "buggy" on it, I think.

Mr. THORSON: Are there many being admitted to pensions, on the ground of neurasthenia?

Dr. KEE: Quite. Anybody that shows any entitlement.

Mr. THORSON: Are there any applications?

Dr. KEE: Quite a large number.

Mr. THORSON: Is the number increasing?

Dr. KEE: The number of applications is increasing, and the number that is being admitted is increasing in all diseases.

Mr. THORSON: You still send them first for treatment?

Dr. KEE: No.

The CHAIRMAN: For observation?

Dr. KEE: We get a report on them, and on entitlement.

Mr. THORSON: What do you do with applications that are now coming up for the first time on the ground of neurasthenia?

Dr. KEE: When they come up for the first time, the neurologist states, "treatment will do this man no good." Then he would not be sent for treatment.

Mr. THORSON: If in your opinion you think treatment would do him no good, you do not send him for treatment?

Dr. KEE: No.

Mr. THORSON: You admit him then to pension?

Dr. KEE: Yes.

Mr. THORSON: As in the case of any other disability?

Dr. KEE: Yes.

Mr. ADSHEAD: How do you manage to get the man to connect neurasthenia with his war service?

[Col. Thompson, and Dr. Kee.]

Mr. THORSON: If he cannot do that, he does not get any pension.

Dr. KEE: No. The same as any other disease; if he has any entry on service of neurasthenia, or shell shock, or something like that, or if some evidence is shown that he has had it within a year; or some evidence in connection with discharge, if we can connect it with it, we do.

Mr. McGIBBON: I have in mind a case now of a man in the first contingent. His service was about four years; he was in several engagements. He comes from a family the members of which have been perfectly normal and sound mentally. In the last two years, he has developed insanity. There is no doubt in my mind at all that his nervous condition during those four years in the trenches caused his mental condition to-day. I do not know how you are going to attribute it to war service, unless you assume that the strain he was under, being shelled constantly, going through one battle after another, was injuring his nervous condition; making it like a battery that has been discharged and that you cannot re-charge. What are we to do with those cases? I recognize that it is difficult to prove that the condition is due to war service, at the same time, I am convinced and I think most medical men are, that it was.

Dr. KEE: Those are problem cases that it is difficult to deal with.

Mr. McGIBBON: Have you any suggestions on those lines?

Dr. KEE: Not unless a certain time after discharge could be put in in some shape or form.

Mr. McGIBBON: That could not be done.

Dr. KEE: No, it would be difficult.

Mr. McGIBBON: The strain of re-establishing himself in business increases the defective condition and probably is the last straw that makes him break down.

Mr. ARTHURS: Could a case like that be provided for, under the meritorious clause, as it stands?

Dr. KEE: Yes, any case could be considered under the meritorious clause, as it stands, I should think.

Mr. McGIBBON: Has that been the practice of the Board?

Dr. KEE: No.

Mr. McGIBBON: This boy has not applied for a pension, but I am thoroughly convinced he deserves one. He has a wife and three or four children. As far as earning a living is concerned, he is absolutely incapable. He is incapable of looking after the property and money he has amassed, for the rest of his life.

Dr. KEE: We would go into that very thoroughly on his actions. We take a great deal of lay evidence on those cases, and it is sometimes very helpful.

Mr. McGIBBON: You do not rule him out at once?

Dr. KEE: No.

Mr. THORSON: Are there any of the medical advisers who are making a special study of these neurological cases involving neurasthenia?

Dr. KEE: Yes. There is one of the medical advisers, and there is one of the psychiatrists in the Department, for treatment at the head office. These are a very difficult class of cases to decide.

Mr. THORSON: I was wondering whether the Board had taken into consideration the advisability of making a special study of this increasing number of neurasthenics who are coming up with pension claims?

[Col. Thompson, and Dr. Kee.]

Dr. KEE: The Department have in every unit, a psychiatrist, and his report is very often the basis of our decision, unless we have evidence that has been followed up from lay people.

Mr. THORSON: Do I understand that you say you do not send as many for treatment now as you did?

Dr. KEE: You are getting back to neurological cases? I thought we were speaking of mental cases.

Mr. THORSON: I am speaking only of neurological cases.

Dr. KEE: Neurological cases are distinguished from mental. Mental cases are considered pathological, and neurological are functional. When you get to a pathological condition, treatment is not of much avail. In a neurological case of hysteria, if a neurologist said, "treatment will improve this man," we would ask them to take him for treatment, on that neurologist's report. But very few of them recommend any treatment.

Mr. ROSS: How do you distinguish between a pathological case, and one that is not pathological?

Dr. KEE: Well, I would say, a case of hysteria was functional, and probably curable; but, in a case of dementia praecox treatment would give very little effect, and I would call it pathological. General paresis of the brain we would call pathological.

Mr. THORSON: It may be difficult to draw the line.

Dr. KEE: Not between a case of general paresis and hysteria; no, I would not think so.

Mr. ROSS (Kingston): But, pathological cases are very marked, as compared with cases of hysteria, although at the beginning, they might not be.

Col. THOMPSON: On the line you are discussing, General Ross, I might mention that in a number of cases of the neurological type, we now find that the bases of them are heart or lung condition.

Mr. ROSS: I think there would be few of them that are pathological.

Mr. THORSON: But I should think most of them are due to a pathological condition?

Dr. KEE: Yes, a great many of them have a pathological basis at this time, unless it is a case of hysteria, or unless the diagnosis is wrong.

Mr. ADSHEAD: I have a case here of a man who went to the war. He was married; he had no pensionable disabilities when he came out of the war, but gradually he appeared to be getting wrong in his head, so to speak. The people around, and even the local doctors assumed that it was due to war service. They could not attribute it to anything else. He came before your Board for examination, and the decision was that he was suffering from neurasthenia post-discharge, and not connected with service. We protested against that. We cannot trace it to war service, but the medical men say it cannot be attributed to anything else. We asked the D.S.C.R. representative, Mr. Riley, your inspector, to visit the home. The man was on a soldier settlement farm. He came back and said the family would be better without him for by and by he would go out of his head. Finally, he went out of his head and attacked the family, and he was put in an insane asylum. The moral certainty is there, because he was such a good man before the war, and such a good provider, and if you will admit indirect evidence, there is no other cause that it could be attributed to. Then the question is, how can we connect that with war service, to satisfy the Pension Act?

Mr. THORSON: Do you insist on very rigid proof of attributability in the case of neurasthenics?

[Col. Thompson, and Dr. Kee.]

Dr. KEE: No more rigid than probably any other condition.

Mr. McLEAN: Mr. Chairman, I suggest that we are a long way from what we were discussing an hour ago.

Mr. THORSON: I think we are sticking to the question.

Mr. McLEAN: We have covered everything from diseases of the feet to the head, and we have been discussing the question: if a man is crazy, and says he will not take treatment, is he answerable.

Mr. ADSHEAD: We are getting evidence pertinent to our decisions.

Mr. ARTHURS: We are now on suggestion 20.

Mr. Ross: Are these not worth considering? If not, we had better not take up anything else, because to my mind, these are the big list of cases that we have to deal with.

Mr. McLEAN: They come under another head, though.

Mr. ARTHURS: I should think it is unreasonable to cut off the pension of a crazy man because he says he will not have an operation. I do not think we need a decision on that point.

The CHAIRMAN: We understand that. What is the next?

Col. THOMPSON: Suggestion 21, proposing to amend Section 31. Section 31 reads. (Reading):

31. When a pensioner pensioned on account of a disability has died and his estate is not sufficient to pay the expenses of his last sickness and burial, the Commission may pay such expenses, or a portion thereof, but the payment in any such case shall not exceed one hundred dollars.

The suggested amendment is that the amount payable should be one hundred and fifty dollars.

The CHAIRMAN: Is there any objection to that?

Mr. McLEAN: When it was brought up by Mr. Barrow it was passed over as being reasonable, without comment.

The CHAIRMAN: Reasonable or unreasonable? I do not know which.

Mr. McLEAN: It was passed over as being only an increase of fifty dollars.

The CHAIRMAN: Have you anything to say about it?

Col. THOMPSON: I know nothing about it. The D.S.C.R. make the payment.

The CHAIRMAN: Whether one hundred dollars is sufficient or not is the only question. The D.S.C.R. developed that?

Col. THOMPSON: Yes, they make the payment.

Mr. ARTHURS: In that clause, we should change the wording in accordance with the facts. Not that "the Commission should pay," but that "they should recommend the payment of."

The CHAIRMAN: Yes, they direct the payment. Then Section 32. Are we prepared to discuss that now in ten minutes? The Board of Pension Commissioners might give us their views shortly.

Mr. ARTHURS: Perhaps we might shorten that by asking Col. Thompson whether he is in favour of the Act as passed by the House of Commons.

The CHAIRMAN: It would not be fair to ask him that. He is a Civil Servant, and you would not ask him to take sides for, or against the Senate, surely.

Mr. ADSHEAD: It might be a different thing to get his opinion on certain sections.

Col. THOMPSON: I might say that there are about 600 up to date affected by this. (Sec. 32). I do not know how many may mature in the future, but the number of deaths is between 600 and 700 up to date.

Mr. THORSON: Where women married after the disappearance of the disability.

The CHAIRMAN: Did you look into the suggestion made by Mr. Myers?

Col. THOMPSON: You are referring now to the number of deaths?

Mr. ARTHURS: We have had most of the evidence before us on other occasions.

The CHAIRMAN: I really do not know whether we have very much to question the Pension Board on with regard to this. We all understand this situation, I think. Then, let us move on to another. If there is one thing that has been discussed around the country, this has been. If we do not know what the question is about now, we never will.

Mr. THORSON: It is a statement of fact.

The CHAIRMAN: Yes. The next is subsection 2 of section 32.

Col. THOMPSON: The suggestion is that the proviso should be eliminated. It means that, if a man dies at any time in the future, and his death is not related to service in any way, his widow will be pensioned.

The CHAIRMAN: It is a time limitation.

Col. THOMPSON: Yes. I might say that the number of pensioners affected is, 5,448, in classes one to five. Four thousand of these are married. It was really to relieve this situation with regard to making provision for the family that the insurance was passed. The insurance clause expired in September, 1923, and no further insurance was available.

Mr. McLEAN: This clause does not affect the Board of Pension Commissioners. It is a matter of the Committee adopting the principle.

The CHAIRMAN: The information given us by Col. Thompson will be available to us in our deliberations. He is of opinion that one of the reasons which brought about the establishment of the returned soldiers insurance, was to cover just such cases as this. Is not that the fact, Colonel?

Col. THOMPSON: Yes.

The CHAIRMAN: It was so stated at the time.

Col. THOMPSON: The remarks with regard to that suggestion 23 were referred to. The same remarks and comments are applicable as to suggestion 13. The one refers to the children, and the other to the widow.

The CHAIRMAN: Before the Committee adjourns, may I say I think it would be the desire of the Committee to get through taking evidence before we adjourn for the Easter holidays.

Mr. THORSON: If we can possibly do so, we should try.

The CHAIRMAN: We will try to close all the evidence. We will have a witness from the Insurance Department, and also Mr. Scammell.

Witnesses retired.

The Committee adjourned until 11 o'clock, Friday, March 23rd, 1928.

FRIDAY, March 23, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock, a.m., the Chairman, Mr. Power, presiding.

Col. J. R. THOMPSON, JOHN PATON and Dr. J. KEE recalled.

The CHAIRMAN: We will take up suggestion number 24.

Col. THOMPSON: Suggestion number 24 proposes to amend section 32, subsection 3. Subsection 3 reads as follows:—

3. A woman who, although not married to the member of the forces, was living with him in Canada at the time he became a member of the forces and for a reasonable time previous thereto, and who, at such time, was publicly represented by him as his wife may, in the case of his death and in the discretion of the Commission, be awarded a pension equivalent to the pension she would have received had she been his legal widow, and the Commission may also award a pension if, in its opinion, an injustice would be done by not recognizing a woman as the wife of a member of the forces although there is no evidence that she had been publicly represented by him as his wife.

The first part of the section reads:

32. No pension shall be paid to the widow of a member of the forces unless she was married to him before the appearance of the injury or disease which resulted in his death, etc.

There are cases as follows: a woman was living with a man prior to the enlistment; she was not married to him. He is discharged from the forces with a disability. She marries him after discharge. He eventually dies of the disability from which he suffered. That woman would not under the Pension Act receive a pension, because under section 32 she married him after the appearance of the disability, the injury or disease.

Sir EUGENE Fiset: If she had not married him, she would?

Col. THOMPSON: She would be in the eligible class.

By Mr. Adshead:

Q. At your discretion?—A. At our discretion. This proposes to give such a woman a pension. The Minister has an amendment. The Minister's proposed amendment is suggestion No. 19. He suggests amending the statute by adding the following subsection as subsection 3 (a) to section 32. The amendment will then read:—

3 (a). No rights or privileges to which a woman may become or be entitled under this Act by reason of her living or having lived with any member of the forces as his wife shall be, or be deemed to have been, affected or lost by reason only of her marriage with such member of the forces.

By Mr. McPherson:

Q. That meets the case?—A. If it is the opinion of the Committee that that sort of an amendment be passed, I suggest that the wording be more properly expressed. The proposed amendment says no rights shall be affected. As a matter of fact such a woman has no rights whatsoever. This suggests that she shall be deprived of any right. As a matter of fact she has no right. I think that is clear. I do not suggest that such an amendment should not be passed, but I suggest that the suggested amendment should be properly drafted.

By Mr. McLean (Melfort):

Q. You said a few minutes ago that she had a right to come within the Pensions Act.—A. I said she was within the eligible class.

Q. She is entitled to come into the eligible class?—A. She may be entitled to come under the eligible class but she has not a right to a pension.

Q. She would be in the pensionable class?—A. It is the right she has to a pension that is suggested. I think there is a very broad distinction there.

By Sir Eugene Fiset:

Q. You suggest that you have the right to put her in the eligible class, notwithstanding the facts?—A. That is my suggestion, that if it is passed it should be made clear that she shall be placed in the eligible class and not be deprived of a right.

Q. And let the Pension Board decide?—A. That is the proposition.

By the Chairman:

Q. What about the meritorious clause?—A. She would be considered, as the statute stands now, under the meritorious clause.

By Mr. Thorson:

Q. There have been cases of that kind?—A. I think so.

SIR EUGENE FISET: We will know later on exactly how to deal with the meritorious clause. Make a notation of both in the section and it will be all right.

MR. ADSHEAD: It is a mere matter of the wording.

COL. THOMPSON: Suggestion Number 25. This suggestion proposes to amend section 33, subsection 3. Section 33 reads:—

33. A parent or any person in the place of a parent of a member of the forces who has died shall be entitled to a pension when such member of the forces left no child, widow, or divorced wife who is entitled to a pension, or a woman awarded a pension under subsection three or section thirty-two of this Act, and when such parent or person is in a dependent condition and was, at the time of the death of such member of the forces, wholly or to a substantial extent, maintained by him.

3. When a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, subsequently falls into a dependent condition, such parent or person may be awarded a pension provided he or she is incapacitated by mental or physical infirmity from earning a livelihood, and that in the opinion of the Commission such member of the forces would have wholly or to a substantial extent maintained such parent or person had he not died.

The Statute draws a distinction between parents who at the time a man enlisted were dependent upon him for support, and those parents who were not dependent at the time of the man's enlistment and death, and who were not

[Col. Thompson.]

substantially maintained by the man at the time of his enlistment and death, and who, after his death, although not maintained by him, became dependent, and in that case they must be incapacitated as well. The suggested amendment No. 25 of the Veteran's suggestions—the practical effect of this amendment is, that where a son dies on service, the parents would be automatically entitled to a pension, if they were dependent, irrespective of the circumstances surrounding the non-support by the son during his lifetime.

By Mr. McPherson:

Q. Are you sure that it requires to be a case where he dies on service, under section 33, if he dies at all?—A. If he dies at all.

Q. Not on service, if he dies ten years after?—A. The vast majority of cases are where they have died on service. Under the suggested amendment for instance, if a boy quarrelled with his parents and left home early in life, and they had not heard of him for a number of years, he enlisted and was killed, and they knew nothing of his whereabouts from the time he left home until after his death, under the suggested amendment of the veterans, the parents, if incapacitated, would become entitled to a pension.

By Sir Eugene Fiset:

Q. There is a suggested amendment by the Minister?—A. Yes. The Minister's suggestion is No. 20. His suggestion reads as follows:—

20. Subsection three of section thirty-three of the said Act is repealed and the following substituted therefor:

(3) When an application for pension is made by a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by a member of the forces at the time of his death but has subsequently fallen into a dependent condition, such application may be granted if the applicant is incapacitated by physical or mental infirmity from earning a livelihood, and unless the Commission is of opinion that the applicant would not have been wholly or to a substantial extent maintained by such member of the forces if he had not died.

That suggestion of the Minister guards against—one might put it in that way—a pension being demanded by an incapacitated parent as of right under the circumstances I mention, where a boy was possibly driven out by his parents and was never heard of again.

By Mr. McPherson:

Q. If this amendment came into force, would it cover a case like this; a man served overseas and did not contribute anything to his parents at all; he comes back, lives his own life, and continues not to contribute to their support for any period at all you like to mention, and then dies. Then the parents fall into poor circumstances. Would they not, under the proposed amendment, be entitled to a pension?—A. Not as of right. It would be in the discretion of the Commission.

Q. I am referring to the amendment proposed by the Legion?—A. They would automatically get a pension to the extent of their dependency.

Mr. BOWLER: What we intended there was that there would be a *prima facie* presumption of dependency.

Col. THOMPSON: I might say with regard to the question of *prima facie* evidence that there is never any evidence in any other way, except evidence of a negative character.

[Col. Thompson.]

By the Chairman:

Q. Would that not be within the meaning of the Minister's suggestion?—
A. No, unless in the opinion of the Board. In the case cited by Mr. McPherson the opinion would be that they would not be entitled to support, unless they happen to be in affluent circumstances within the meaning of the Statute during the man's lifetime.

Sir EUGENE Fiset: The amendment proposed by the Department goes three-fourths of the way to meet the wishes of the Legion.

By Mr. Gershaw:

Q. It leaves it to the discretion of the Board?—A. It is left to the discretion of the Board; but the statute as it now stands contemplates that there shall not be any pension in such a case. For instance let me cite a case, of which there are many. There are parents in comfortable circumstances; the boy is going to college, and is not in a position to earn money. He enlists, he does not assign his pay; the parents are not in any need of it whatsoever, but he is killed, or dies on service. Now, the statute, as it at present stands, contemplates in such a case that there shall not be a pension paid even if they fall into a dependent condition. The suggested amendment contemplates that parents in a case like that would be entitled to a pension unless there is evidence to show to the contrary.

By Mr. Adshead:

Q. But a soldier who has parents who are dependent upon him when he enlisted, those parents are entitled to a pension?—A. Yes.

Q. Why?—A. Because the Statute says so.

Q. But why does the Statute say so?—A. I don't know.

Q. Is it because they are his parents?—A. They would be dependent upon him at the time, and there was the evidence that he assigned his pay.

By Sir Eugene Fiset:

Q. In nearly all these cases there is an assignment of pay?—A. Yes, and there is the evidence of it. There are a number of instances in connection with railway men. The pay was oftentimes continued by the railways, or by various institutions, and a man might say, "I do not assign my pay. Give it to my parents." There is never any difficulty about that.

By the Chairman:

Q. The difficulty you have is in the case of prospective dependent parents?—A. Yes.

By Mr. McLean (Melfort):

Q. There is the fact that the law in some of the provinces provides that children are compelled to support their parents. That was possibly not necessary at the time, or before the boy was killed. The fact that it was necessary to support them, or that the law had become such at the time when he would have been home if he had not been killed and would have been liable for their support, would not that be evidence to the Board that he would have supported them?

The CHAIRMAN: It has not been taken as such by the Board. As long as the Province of Quebec has been in existence there has been an article in our Civil Code that parents shall be supported by their children.

Col. THOMPSON: I would like to point this out, that we got numerous applications from the Province of Quebec, and possibly an award of a pension is made, but not so great as they deem it ought to be, that is, that the applicants

[Col. Thompson.]

think it ought to be. They think it ought to be greater because there are several sons not actually contributing; although the parents are dependent still on the children, their contributions are not being made.

By Sir Eugene Fiset:

Q. There is really a difference between Quebec and the other provinces.—

A. It is for that very reason we do not do so.

By Mr. Black (Yukon):

Q. What is the advantage of the amendment proposed by the Department over the Act as it is, with regard to these cases?—A. With regard to which cases?

Q. Such cases as you are discussing?—A. Perhaps you were not here; the type of case I mentioned was a boy who was going to college. That was the type of case.

Q. I heard that. The proposed amendment is purely negative and the Act as it is is positive?—A. That is what I say.

Mr. BLACK (Yukon): The subsection says:

3. When a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, subsequently falls into a dependent condition, such parent or person may be awarded a pension provided he or she is incapacitated by mental or physical infirmity from earning a livelihood, and that in the opinion of the Commission such member of the forces would have wholly or to a substantial extent maintained such parent or person had he not died.

The proposed Act disallows the granting of the pension unless the Commission is of the opinion that the applicant would have been wholly or to a substantial extent maintained by the member of the forces.—A. As the Statute now stands, the Commission should not award a pension unless there is evidence that he would have supported them—and there is no evidence. Under the amendment the general proposition is that we may award a pension and should award a pension unless we are of opinion that the son would not have supported them.

By Mr. Black (Yukon):

Q. You would have to have evidence as to that, Colonel Thompson?—

A. That he would not have supported them.

Q. In both cases the Act leaves it to the opinion of the Commission, and they might base that opinion on any evidence whatever?—A. There is a very considerable difference. Under the Act as it now stands, there is no pension unless the evidence would lead the Commission to believe that the son would have supported them. In many instances, there is no evidence at all that he would have supported them; he never had supported them. Under the amendment, we may award a pension unless we think he would not have done so.

Q. Unless there is evidence that he would not have supported them?—

A. Yes.

Q. In one case, you have to have evidence that he would have supported them, and in the other case, that he would not. A distinction without a difference?—A. No, there is a lot of difference.

The CHAIRMAN: Take this case: supposing this same boy instead of going to school had written home from the front, saying, "when I am back, I will see that you are well supported for the rest of your days." Then there is clear evidence that he intended to support them. Supposing he does not write anything of that kind, and a great many did not, there is no evidence that he intended to support them.

[Col. Thompson.]

Mr. BLACK: The Act does not require evidence at all, as it is.

Mr. McPHERSON: It only requires the opinion of the Board, but they can only give their opinion on appreciable grounds.

Col. THOMPSON: Then there are a number of cases where the parents were in a dependent condition, and had written to their son asking him to assign pay, and he had written saying: "I am sorry to hear you are in poor circumstances, and I will have pay assigned at once." And nothing happened to him on service until after possibly the expiration of a year, and he had made no assignment of pay. I would suggest that that was evidence that he was not going to support them.

By Mr. Black:

Q. Do you mean to say that the dependent parents who are lucky enough to be in receipt of such a letter as the Chairman visualizes, are more entitled to pension than parents who have not received such a letter from a dead son?—A. I would say so, under the statute, yes.

Q. But the boy who died and did not write the letter, may have had just as good intentions with regard to his parents?—A. But there is no evidence.

The CHAIRMAN: In his case, they will give him a pension now. Under the Act, they cannot do it.

Mr. BLACK: They will give pension in all cases unless there is evidence that the deceased soldier would not have supported his parents.

The CHAIRMAN: Or no evidence at all.

Mr. ILSLEY: It would seem to me that the department's proposal is the same as that of the Legion.

The CHAIRMAN: No, no; there is a big difference.

Mr. ILSLEY: In both cases there is prima facie evidence that he would have supported them.

The CHAIRMAN: If there is prima facie evidence, no question of opinion arises.

Mr. ILSLEY: An opinion will have to be based on evidence. Supposing the Commission comes to the conclusion that he would not have supported them, and the applicant writes in and says, "how do you form your opinion?" They cannot write back and say, "we guess;" they have to support it on something.

Mr. McPHERSON: They have to have something, and prima facie there is nothing.

Mr. ILSLEY: In the case mentioned, there is nothing, but the man will get a pension. It is precisely the same situation. There is a prima facie case made for the support in either case, I should say.

The CHAIRMAN: In either case they require proof, but in one, there is not a prima facie case. If there is a prima facie case, it would not be refused unless that case was destroyed by evidence of a more or less strong character.

Mr. ILSLEY: There is a prima facie case against every one on whom a burden of proof rests, is there not?

Col. THOMPSON: No, I would not agree to that, as a matter of law, Mr. Ilsley.

Mr. ILSLEY: That is the way the thing would be decided. If the burden of proof is on one party to a proceeding, and he does not sustain the burden, the other party wins. In the same way a prima facie case affects the decision with respect to the pension.

Mr. BLACK: The Legion's suggestion does not say a prima facie case; it goes further, and says there shall be a conclusive presumption.

Mr. McPHERSON: I suggest that we postpone this argument.

[Col. Thompson.]

The CHAIRMAN: Yes, argument postponed. Will you continue, Colonel Thompson?

Col. THOMPSON: No. 26 is the next one. Subsection 6 of section 33 reads as follows. (Reading):

When a parent or person in the place of a parent has unmarried children residing with him or her who should, in the opinion of the Commission, be earning an amount sufficient to permit them to contribute to the support of such parent or person, each such unmarried child shall be deemed to be contributing not less than ten dollars a month towards such support.

The suggestion is that no deduction shall be made from the pension of a parent in respect of contributions from an unmarried child in case of bona fide unemployment by the child or where such child is continuing a course of instruction.

By Sir Eugene Fiset:

Q. Is that a proposed amendment?—A. That is their suggested amendment, yes.

Q. By the Legion, not by the Department?—A. There is none by the Department at all. My comment on that amendment is that it is a very indefinite sort of a proposition. For instance, a son or a daughter—they refer again to “a child.” Now, that so-called child may be thirty years of age, or forty years of age, and not a child, and that son or daughter, may as a matter of fact, only be out of employment perhaps for a week or ten days; something like that. An application would be made at once, and possibly before verification or otherwise could be made of it, the unemployment would cease. The child, or son, or daughter would be employed again, which seems to me a very indefinite thing. As a matter of fact, the practice of the Board is, where children are contributing, and there is a deduction made from the pension on account of their contributions, which are referred to in the Statute, if such child is really ill, a son or daughter, rather, is as a matter of fact, ill, or there is some reason for the continued unemployment of a satisfactory character given, the pension will be increased; but, temporarily, unemployment or illness will not be taken into account.

By the Chairman:

Q. Mr. Bowler's evidence on that point was that they would be satisfied if the Commission would give an assurance that in case of bona fide unemployment no deduction would be made?—A. There might be bona fide unemployment for three days. What the Commission does, as a matter of fact, is to consider what is a reasonable amount of unemployment, or illness.

Q. Another question arose with regard to persons undergoing a course of instruction, as to whether or not you had ever deducted ten dollars, when the child was going to school?—A. Not that I know of.

Q. You do not think that is likely?—A. No, I think it is altogether unlikely.

The CHAIRMAN: Does the Committee understand this? Then, we will pass to the next. Subsection 7 of the same section.

Col. THOMPSON: Subsection 7 of section 33 is (Reading):

7. The pension to a widowed mother shall not be reduced on account of her earnings from personal employment or on account of her having free lodging or so long as she resides in Canada on account of her having an income from other sources which does not exceed two hundred and forty dollars per annum; such income being considered to include the contributions from children residing with or away from her whether such contributions have acutally been made or are deemed by the Commissioners to have been made.

[Col. Thompson.]

The suggested amendment is that the words "in Canada" should be stricken out, and the words "within the British Empire" substituted. For instance, if a woman living in Great Britain, or Newfoundland, or any of the British Colonies, applies for a pension, the Pension Board assesses that pension according to the rates prevailing in those countries; that is, what one might call dependency rates prevailing in these countries. The rate in Great Britain is not as great as in Canada, either as to the amount of the pension or as to the conditions under which the pension is granted. In Canada, the maximum for a dependent parent, a widow, may be, or is, \$60 per month. In Great Britain and outside of Canada, the Board assesses what they think would be a reasonable amount for maintenance, and that applies to Great Britain, Newfoundland, and so on. Now, in Great Britain, under the British Pensions' Bill, they fixed the rate which they considered to be a reasonable amount of maintenance, but that amount is not as in Canada, a fixed amount for the whole of Great Britain. In Canada, it does not matter where a widow's dependent mother is living. She will get \$60 if she has no assets. In England, they will not pay the \$25—the maximum rate is \$25—unless she is living in one of the most expensive centres, and from \$25 it is graded down to a very low amount. Twenty-five dollars is the maximum. And, if for instance, from any source, such as a church society, or any friendly organization, she even gets a shilling, her pension is reduced to the extent of the shilling. Under this proposition, a woman in Great Britain or Newfoundland, would be entitled to have the \$240 income, and then her pension assessed on top of that again, which would be in some cases double the pension which is paid by Great Britain. With regard to Great Britain, we assess the pension and we pension them approximately, and in a number of cases, higher than Great Britain allows to her own dependents. Now, this also covers the case of Newfoundland. I went down there myself some years ago. We have a number of pensioners there, and I consulted with the Board of Pension Commissioners for Newfoundland. I pointed out to them that our Board was willing to do the generous thing by the pensioners in Newfoundland, and we did not want to under-pension nor to over-pension, because it was a question of giving a fair living allowance to these dependent parents, and we suggested that we should pay the dependents in Newfoundland the same rates that the Newfoundland Government were paying to dependent parents, with regard to Newfoundland soldiers who were killed in the Newfoundland forces. They said that was perfectly satisfactory, and we pensioned on their recommendation. They make the assessment, or they report for us; they send in the full particulars, and make the recommendation, and we pay. We check these cases from time to time, and we find now about six years after the arrangement was made, the assessment is just about the same as it was when I went down there. The rate is much lower in Newfoundland; the recommendations in Newfoundland are much lower than the assessments in Canada. Under this suggestion those living in Newfoundland would have their \$240 before any assessment of pension is made, or rather on top of the assessment. This also applies to the Straits Settlement, or any British Colony.

Mr. ADSHEAD: Do I understand your argument to be this?

Col. THOMPSON: I am not arguing, Mr. Adshead. I am pointing out what has been done.

By Mr. Adshead:

Q. That because a Canadian boy marries, and he dies, and she receives the widow's pension—

The CHAIRMAN: We are talking about dependent parents. There is a full pension for the widow, and no deduction made whatsoever. We are talking of dependents.

[Col. Thompson.]

By Mr. Adshead:

Q. If they get a pension, and then if they move out of Canada, they will be reduced?—A. Yes.

Q. But you give them that pension because of a certain right they have to it?—A. No, they have it because Canada has said that dependency in Canada, that is, with regard to money, is fixed at \$60. It was \$48 first. They have said dependency in Canada is \$60; but, dependency in Newfoundland, the Strait Settlements, Great Britain, Ireland, and Scotland is not fixed at \$60, because, as a matter of fact, their dependency is not \$60. Great Britain says dependency in the populous parts of Great Britain is \$25.

By the Chairman:

Q. If you gave the British mother \$60 she would be a lot better off than the Canadian mother?—A. A great deal.

Mr. McGIBBON: Why should we bonus those people to go out of the country? We are bonusing people now to come into the country. This proposition is absurd.

The CHAIRMAN: The reason for the proposition is that some mothers wish to return to England because they can live there more cheaply.

Mr. MCPHERSON: They can live there as comfortably on less money.

The CHAIRMAN: They have a far better pension than they would have if their son had been killed while in the British army. However, we are only entering into discussion, but may I say that if we were to give \$60 to the British mother, we would immediately have a demand from the Canadian mother to be put on the same scale, relatively, as the British.

Sir EUGENE Fiset: That has already been done. The first award was \$48, and has been changed to \$60.

Mr. MCPHERSON: How is it justified to a widow?

The CHAIRMAN: The widowed mother gets it on dependent condition.

Col. THOMPSON: They use a very proper word in England. A "need" pension.

Mr. ADSHEAD: I suppose we can discuss that when it comes up?

By Mr. Black:

Q. Are there many Canadian pensioners in Newfoundland, Colonel?—A. Yes. I can only make a guess at it; I should say perhaps a couple of hundred. With regard to these British cases, and the reason I emphasize the British cases is because there are so many more than there are any place else—there are a number in other British colonies—the total number of dependent parents in Great Britain is something like between four and six thousand. I have not got the accurate number of widowed mothers. We have about twenty thousand dependent parents, and I think between four and six thousand of these are living in Great Britain.

The next suggestion is No. 28. The proposition is to amend Section 34, subsection 3. (Reading):

3. No pension shall be paid to or in respect of a brother over the age of sixteen years or of a sister over the age of seventeen years.

By Mr. McGibbon:

Q. Could not this amendment be covered in the meritorious clause?—A. No.

Q. Why?—A. Well, not as worded here.

Q. But this is a special case that you are citing here, and you say there are very few of them?—A. Of the brother and sister? No.

[Col. Thompson.]

By the Chairman:

Q. This is intended to introduce a new principle. At the present time, brothers and sisters in a dependent position receive pension?—A. If they were supported.

The CHAIRMAN: If they were supported up to the age of sixteen years.

Mr. McGIBBON: I think very few cases are known, but they are of a distressing nature. You have got one in Ottawa.

Col. THOMPSON: I will give you the effect of it. I do not know just where it will apply, but this is the effect of it. Supposing a boy on service actually was the support of his brother, and he was killed. After forty, or fifty, or sixty or even seventy years, or any time in the future, as long as that man lives, if he becomes dependent, he would be entitled to a pension under that amendment.

Mr. McGIBBON: Do I understand that would be so if he becomes self-sustaining, and then becomes dependent?

Col. THOMPSON: Yes, at any time, whatever his age.

By Mr. McGibbon:

Q. It would be intended to put him under pension then?—A. Yes. The suggestion is that the brother who was killed, would, fifty years from now, have supported his brother still.

Mr. McGIBBON: That is a rather long stretch of imagination.

The CHAIRMAN: We are looking after widowed mothers, and dependent parents. The suggestion is that we should look after, for the rest of their lives, prospectively brothers and sisters. That is going pretty far.

Mr. McGIBBON: I think if you are going to adopt that, it should be circumscribed by certain physical or mental conditions.

The CHAIRMAN: Is it the wish of the Committee that we discuss that case of the Ottawa girl?

Mr. McGIBBON: That only exemplifies a type. It is an example. If you are going to open a class of this kind it should be limited to certain physical and mental conditions.

Col. THOMPSON: That is the proposition; if they become incapacitated at any age.

By Mr. McGibbon:

Q. Including "if incapacitated through an accident?"—A. Oh, yes, if incapacitated through an accident.

Q. If one of these cases becomes self-supporting, and continues so for ten years, and then meets with an accident, is it intended to put him in the pensionable class?—A. Yes. Or suppose he lives to 70 years, and becomes unable to work, he would be entitled to a pension.

Mr. McGIBBON: I would be willing to support that up to a certain point; if there is a mental condition. But, if he had been self-supporting, or the mental condition had disappeared, and then after a time he met with an accident, and it is said that you should put him back on a pension, that would be absurd.

The CHAIRMAN: In this case, there was a refusal to pension, because at the time of the soldier's death, she was actually earning a living. It is pretty hard to frame an amendment just to cover a case like that, to say she was earning a living for a week or ten days.

[Col. Thompson.]

Col. THOMPSON: If I may interrupt, I think this is provided for in the Statute. Section 5 provides (Reading):—

When a brother over the age of sixteen years or a sister over the age of seventeen years is in a dependent condition, and was wholly or to a substantial extent maintained by a member of the forces at the time of his death, such brother or sister may, in the discretion of the Commission, be awarded a pension not in excess of the amount provided in schedule (b) for orphan children while such brother or sister is incapacitated by mental or physical infirmity from earning a livelihood.

They may carry them on for the rest of their lives.

By Mr. Thorson:

Q. If they were dependent at the time of the soldier's death?—A. And incapacitated.

Q. The suggestion of the Legion goes further, and would give pensions to persons who are not incapacitated, or dependent at the time of the death, but who subsequently became so?

Mr. McGIBBON: Certainly, they might become so through an accident.

Mr. THORSON: Through an accident, or anything.

By Mr. Gershaw:

Q. Suppose a case of that kind happened to be earning a living for a short time, would the Board rule it out?—A. We have to be governed exactly by the Statute. If they were not dependent at the time of his death, they would not be pensioned.

By the Chairman:

Q. Could that be considered under the meritorious clause?—A. Surely. The outstanding case I speak of came from Winnipeg.

By Mr. Thorson:

Q. She worked for the Grain Growers' Guide?—A. That is the same case. The reason was that she was not maintained at the time of his death. The fact is that a brother or a sister must be maintained at the time of the death.

By the Chairman:

Q. She could apply under the meritorious clause?—A. She could apply under the meritorious clause anyway.

By Mr. MacLaren:

Q. It might be employment for a week only; but that is not the spirit of it surely?

The CHAIRMAN: The meritorious clause covers that.

Mr. THORSON: The mere fact that the brother or sister was employed right at the time of the death earning a small sum of money, might not necessarily prove that he or she was not dependent. I do not think the Board would wipe a case out altogether by reason of that.

Col. THOMPSON: As a matter of fact she might have been receiving a separation allowance.

Mr. THORSON: And would still be dependent?

Col. THOMPSON: Surely. And be entitled to a pension.

[Col. Thompson.]

By Mr. McGibbon:

Q. You would have to take into consideration her physical or mental condition. Suppose that physical or mentally she was not able to look after herself, but got some special employment and had a salary for a few weeks; you would not necessarily rule her out. Would you not have to go back and see whether this girl or boy was capable of looking after himself or herself. Would it not be more a question of whether she was physically or mentally capable of taking care of herself?—A. The governing point with regard to a brother or sister is this, was that brother or sister maintained at the time of the death?

By Mr. Black (Yukon):

Q. Do you mean at the exact instant of death?—A. No. The Winnipeg girl obtained her employment on the 15th of July, 1918. The brother was killed on the 31st of July and she only continued in her employment during a few months. That does not put her out of consideration, under that section.

By Mr. McGibbon:

Q. What about the father and the mother?—A. The father and mother were earning money at the time.

MR. THORSON: The girl was dependent upon the mother, not upon her brother. The Board might well have held on that ground that there was no dependency upon the boy at all. The girl was dependent upon the mother, and the mother upon the boy.

COL. THOMPSON: A \$5 assignment to a mother with five or six children could not be considered the main support of the brother or sister in question.

THE CHAIRMAN: The Act says "wholly or to a substantial extent."

By Mr. McGibbon:

Q. Don't you get a report upon these people Colonel Thompson?—A. Always.

Q. Does it not hinge upon their mental or physical condition, their ability to look after themselves?—A. Yes. It is also one of the fundamental requirements of the statute that widows, dependents or anybody else, should be encouraged to earn a little money no matter how little it is.—A. That does not apply to widows under the Statute.

MR. MCGIBBON: It was brought up forceably in the course of the argument on pensions to widows, when we were setting the amount of the pension, and the idea was that we should not create an idle class in the country. Most of them are young women of 35 or 40 years of age, and to give them a pension of \$100 a month would not only be a detriment to the State but to the individual. We wanted to make them a thrifty class, so to speak, and not only to encourage them to save the money the government was giving them but to go on and earn more. The same should apply to dependents. This country is no place to build up any class of people who have no desire to work.

SIR EUGENE Fiset: It depends upon themselves entirely.

COL. THOMPSON: Suggestion No. 29 applies to section 37, subsection (a):

37. Pensions awarded with respect to the death of a member of the forces shall be paid from the day following the day of the death except (a) in the case in which a pension is awarded to a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, in which case the pension shall be paid from a day to be fixed in each case by the Commission;

The suggestion is that after the words "pension is awarded to a parent" we shall insert the words, "or a brother or a sister." This, of course, will depend upon the adoption by the Committee of the prior suggestion of the Veterans.

[Col. Thompson.]

Sir EUGENE Fiset: You will remember that when this was brought up by the Legion, they made it very plain to us that their proposal was only tentative, that they were, practically speaking, fishing for the opinion of this Committee.

The CHAIRMAN: That is to say, as to whether or not prospective dependency would be considered in the case of brothers or sisters.

Mr. McGIBBON: Yes.

Mr. McPHERSON: Before we go to the next, Mr. Hepburn brought up a case of exceptional hardship, and I was wondering whether Col. Thompson had looked into that case.

Col. THOMPSON: The pension was cancelled because the man did not report for examination.

The CHAIRMAN: It seems to me that there should be an understanding as to whether we should take all special cases on one day.

Mr. McPHERSON: It is on record as a case of bad treatment of a soldier.

Dr. KEE: This man was awarded a 20 per cent pension on his discharge by the Board. The claim is for disability resulting from a gun-shot wound and the taking out of a kidney.

Mr. McGIBBON: Is the kidney out?

Dr. KEE: The kidney is out, and there is a 20 per cent disability. He gave his address as St. Thomas Post Office, Ontario, but he never got his cheque and we never heard from him since. All correspondence addressed to the pensioner at General Delivery, St. Thomas, has been returned.

Mr. HEPBURN: I have wired to get full particulars upon this case. As I understand it, the man has been to the soldiers' representative at London.

Dr. KEE: We know nothing about that.

Mr. HEPBURN: He was never notified that he had been awarded a pension. You are sure of that?

Dr. KEE: The letters were returned.

Col. THOMPSON: The Pension Board never heard from him.

By the Chairman:

Q. When was he granted his discharge?—A. 1920 is the date of the discharge.

The CHAIRMAN: When did he write the department?

Mr. HEPBURN: This man's employer brought it to our attention. This man had an operation in a hospital a year or so after his discharge.

Dr. KEE: Maybe, but it was not our hospital.

Mr. McPHERSON: The operation might have been under the D.S.C.R. and never reported to the Board.

Col. THOMPSON: We have never heard of it.

The CHAIRMAN: He will get a good pension when it comes.

Dr. KEE: This man was injured on service by a gun-shot wound.

Mr. HEPBURN: Will he be entitled to all this money?

Col. THOMPSON: Surely. We knew nothing of his whereabouts.

Mr. HEPBURN: He has lived at rural delivery No. 7, St. Thomas.

Mr. PATON: He got notice of the award of a pension, at St. Thomas, but it was returned to us.

Mr. HEPBURN: According to his employer he has been to the Soldiers' representative at London a couple of times.

Mr. PATON: We have no notice of any application.

[Col. Thompson, Dr. Kee, and Mr. Paton.]

Mr. HEPBURN: I have also wired to the soldiers' representative at London, to find out if he knew of this case. I also wired to this man to give further particulars as to just what action was taken to get a pension.

Col. THOMPSON: There has been no action taken by the Board at all since 1920. We have never heard from him.

The CHAIRMAN: He will be tickled to death when he gets it.

Dr. KEE: There will be about \$2,000 that he will get.

The CHAIRMAN: Does he draw interest upon this amount?

Dr. KEE: I do not know about that.

Mr. HEPBURN: A case like this gives rise to a lot of publicity and the Board may be criticized unfairly. It is clearly an injustice, but I think this discussion has cleared the air.

Dr. KEE: I would suggest if any of the members have any cases, they should let us know and we will look them up before we come here.

The CHAIRMAN: Before we go into the Federal Appeal Board, there was a suggestion by the Legion which is not on the printed form, that a change be made in the system. What is the section of the Act, Mr. Barrow?

Mr. BARROW: Section 14 of the Statute. The suggested amendments are on page 255 of the proceedings.

The CHAIRMAN: The suggestion is that the pension be paid according to the rank of the pensioner held at the time of discharge. At the present time a pension is awarded in respect of a member of the forces in accordance with the rank or acting rank at the time of the appearance of the injury or disease.

It is suggested by the Legion that he shall obtain a pension also in accordance with the rank which he held at the time of his discharge from the army.

Mr. MCGIBBON: That is another old chestnut, that we thrashed out for weeks.

The CHAIRMAN: Not before this Committee.

Col. THOMPSON: We never heard of it. I would like to point out a large class which will be particularly affected by this; it will be those who were in the lower ranks and served possibly just in Canada and England, as a non-commissioned officer or a lieutenant. He comes back to Canada and becomes a major, a colonel or a brigadier-general; he would be entitled to pension as brigadier-general while he had but little service.

Mr. MCGIBBON: The assumption is that he was wounded in the most dangerous places, possibly at the height of his service.

The CHAIRMAN: Certain injustices have arisen no doubt.

Col. THOMPSON: Most of the promotions took place—that is, promotions which would be affected by this were promotions made not with regard to service in the theatre of war; practically all of them.

The CHAIRMAN: Sir Eugene Fiset brought up a case of a man who had reverted.

Col. THOMPSON: He is protected, when he reverted for the purpose of proceeding to the theatre of war, and proceeded there.

Mr. THORSON: He gets a pension according to the rank held at the time of disability or previous rank. If he is wounded when he is a lieutenant, and then is made a colonel, the pension is on a lieutenant's rank?

Col. THOMPSON: The pension is on a lieutenant's rank. The reason for the amendment was that there was a large surplus of senior officers in England in 1917, I think it was, many holding the rank of major and so on, and they could not be absorbed in France at their rank. They reverted to the rank of lieutenant or captain, and a number of them were killed or wounded.

[Col. Thompson, and Dr. Kee.]

Mr. McGIBBON: That class is protected?

Col. THOMPSON: That class is protected.

Mr. THORSON: The only thing is, a man may have been wounded as lieutenant, and subsequently promoted.

Mr. McGIBBON: If he was not wounded again he was lucky.

Mr. THORSON: He served for a long time afterwards, and was promoted to the rank of lieutenant-colonel. He gets a pension according to the rank of lieutenant.

The CHAIRMAN: There is a peculiar case recorded at page 258 of the Proceedings of this Committee. The man enlisted in 1896 approximately as a private. In 1900 he was transferred to another regiment, and in 1905 received a Commission in the same regiment. In 1914 he was a major, second in command of the same regiment; in August, 1914, he proceeded to Valcartier, and was taken on the strength as a lieutenant and the regiment mobilized to proceed overseas. In April, 1915, he went to France with this regiment as a lieutenant. In November, 1916, he returned from France to Canada, and in the same month was promoted to lieutenant-colonel to form another battalion and take command. In 1917 he proceeded to England, and in the same month the battalion was broken up and the officer commanding transferred to a unit in France as a major. In 1918 he returned from France as a major, and in November, he was demobilized as a lieutenant-colonel and appointed to command the unit to which he was transferred in 1900. He remained in command from November, 1918, to November, 1919, when he was transferred to the reserve as a lieutenant-colonel. The peculiar point about this man's case is that he contracted intestinal "flu" which caused a pensionable disability, and he contracted it on Salisbury Plains in 1914, when he was a lieutenant. Had he had the disease on his second trip over when he was in command of a unit as lieutenant-colonel, he would be all right. As it is, he is pensioned as a lieutenant, although he reverted from the rank of major in order to enlist in the C.E.F.

Mr. McGIBBON: He would not get a pension for intestinal flu.

The CHAIRMAN: It created a pensionable disability.

Mr. McGIBBON: What is a pensionable disability?

Col. THOMPSON: If the flu results in some other disability.

The CHAIRMAN: He started as a major, reverted to a lieutenant, went overseas, and is pensioned for the disability at the rank he held at the time he contracted the trouble, that is, as lieutenant. If he had been fortunate enough to contract it, not as lieutenant but as lieutenant-colonel, he would have had a higher pension.

Col. THOMPSON: We get all sorts of cases. An officer might be a captain, but would be acting as major perhaps for a couple of months and be wounded, but he was not in receipt of the pay. He would be paid as a captain, that is, what we pay at that rank. On the other hand, if he had not been wounded until after his senior officer returned, he would not be acting major, he would be a captain and his pension would be the same in either case. On the other hand, there were a great many of course, who were acting captains, acting majors, acting lieutenants, pending the confirmation of their rank. If they were lucky enough not to be wounded until after the confirmation came through, they would be pensioned at the higher rank.

The CHAIRMAN: You would pay at the acting rank if it was after the thirty days?

Sir EUGENE Fiset: Are there not many cases such as those cited by Colonel Thompson, where an officer might be temporarily acting while his senior officer was away but is never gazetted and no official record of his acting rank has been kept?

The CHAIRMAN: There are hundreds of cases of lieutenants who were acting as majors, and who were drawing, after thirty days, pay as such.

Sir EUGENE Fiset: In every case like that, they had to be posted in some order, or gazetted.

Mr. MCGIBBON: It is quite certain that if you adopt any arbitrary rule, there will be some injustices; that is inevitable. When we adopted an arbitrary rule as to paying soldiers according to their ability in the labour market, we did a great injustice to many people. Take a surgeon who had lost his arm; normally his earnings would be up in the thousands, but after that his professional ability would be ruined, and we would be paying him about \$60 a month.

Col. THOMPSON: The man who suffered most was the skilled artisan.

Mr. ADSHEAD: That is, suffered most from a pecuniary standpoint?

The CHAIRMAN: Do you consider we have thoroughly discussed the Federal Appeal Board?

Col. THOMPSON: This is in regard to assessments, page 8, not numbered.

The CHAIRMAN: It is suggestion No. 30.

Mr. THORSON: It is the general jurisdiction of the Federal Appeal Board.

Col. THOMPSON: The suggestion is No. 30, page 8, and it provides: that the Federal Appeal Board shall have power to adjudicate upon any decision, that is, with regard to assessment as well as entitlement. That is the gist of it. I have no comment to make. As far as the Pension Board is concerned, they have no objection in the world.

I would like to point out that if this is adopted, there will have to be a radical change made in the administration of the D.S.C.R., the Pension Board, and the Federal Appeal Board. One or two hundred men can stall the whole administration. That is the suggestion.

By Sir Eugene Fiset:

Q. Will you repeat that Col. Thompson; I did not understand the last sentence?—A. I said one or two hundred men could absolutely stall the whole administration.

By Mr. Thorson:

Q. How?—A. The Pension Board for instance makes an assessment of 10 per cent; the man appeals, and if I were advising the pensioner, my advice would be to every man that he must at once appeal. He would be a fool if he did not appeal. The Pension Board for instance assesses 10 per cent; he appeals. The Federal Appeal Board would either say that the assessment was correct or that the assessment was incorrect and ought to be increased to 15 per cent. If it was increased to 15 per cent, we would make the award 15 per cent, and the man would be very badly advised if he did not at once come and ask for another examination, on the ground that he was worse. If we examined him, and found 15 per cent, he would at once appeal and would have the right to appeal to the Federal Appeal Board, and he would keep on appealing. I think a man would be very badly advised if he did not keep on appealing until he got 100 per cent, which might happen. We could not refuse to examine him once he had been before the Federal Appeal Board.

Q. Do you say you would grant him a hearing at any time before a Board, upon any application?—A. No.

Q. Why would the Federal Appeal Board do it?—A. Lots of men who want a Board now are told "We will give you a Board" three or six months afterwards.

[Col. Thompson.]

Dr. KEE: Only if they produce medical evidence.

Mr. THORSON: If they produce medical evidence that they are worse?

Dr. KEE: Yes.

Mr. THORSON: The mere fact that the Federal Appeal Board raised it from 10 to 15 per cent would not immediately give him the right of appearing before you for examination? You would not grant him a Board?

Col. THOMPSON: Yes, he would appeal at once; he would have the right to appeal.

The CHAIRMAN: If he were granted 15 per cent, all they would have to do would be to write to the Appeal Board, have it turned down and then appeal, and the Appeal Board could not refuse.

Mr. BLACK (Yukon): If he had just come from the Appeal Board, and the Appeal Board had granted 15 per cent, surely he would not at once go back for more.

Mr. THORSON: Why not? When he makes a first application, if he is turned down, he has an appeal from that decision. This is of course an extreme case that Colonel Thompson mentions.

Col. THOMPSON: The probability is that it does not happen with regard to gun-shot wounds or a fixed disability. But if I were a person suffering from a disease, I certainly would keep on appealing to try and make some of it stick. They might make an increased assessment, but I would keep on appealing again and again.

The CHAIRMAN: On the principle that the more you demand from the Government, the more you will get?

Mr. McLAREN: Does the Board ever reduce on an appeal for an increase?

Mr. THORSON: They have no power over the assessment at all, at present.

Col. THOMPSON: You might have to provide the Appeal Board with fifty or sixty medical advisers.

Mr. MacLAREN: How many has the Pensions Board?

Col. THOMPSON: We do not make examinations.

Mr. THORSON: Why would the Federal Appeal Board require a larger staff?

Col. THOMPSON: They would have to make examinations to see whether a man was properly assessed or not.

Mr. THORSON: On what do you base your own assessments?

Col. THOMPSON: On the reports sent in by specialists, and D.S.C.R. doctors.

Mr. THORSON: You suggest the Federal Appeal Board would have to have a staff?

Col. THOMPSON: I think that they would have to, if they are going to satisfy them.

Mr. THORSON: They could draw their deductions from the evidence on the files; it will be purely a question of deduction.

Col. THOMPSON: They make personal examinations now for the British; they make personal examinations now of a man when he wants a final award. They do not take the descriptions given.

Mr. THORSON: Are personal examinations made in cases where they are dealing with the question of assessments on the Imperials?

Col. THOMPSON: No, only in cases of final award.

Mr. THORSON: In cases of final awards, do they have examinations made?

Col. THOMPSON: Yes. Colonel Belton says that, but not many. That is considered also by the British Minister. It is not a final award. I mean, it is not the man's final assessment, put it that way. It is merely what we might call an examination.

By the Chairman:

Q. Apart from assessment, have we any other suggestion or comment on this?—A. I think that is the whole thing.

The CHAIRMAN: Then, we will pass on to the next.

By Mr. Thorson:

Q. What about cases involving the exercise of discretion by the Board? At present there is no appeal from the Federal Appeal Board in cases of that sort. Would there be any difficulty in conferring that jurisdiction on the Federal Appeal Board?—A. I do not know. Which one is that?

* Mr. THORSON: There are several cases throughout the Act.

Sir EUGENE Fiset: That applies more especially to sections 32, 33, 34 and 39.

Col. THOMPSON: It would apply principally to section 12, "Venereal cases."

By Mr. Thorson:

Q. There are sections running all through the Act, involving discretion on the part of the Board of Pension Commissioners, of one kind or another. This suggestion would confer the right to appeal on the Federal Appeal Board in all cases, which right they do not now have.—A. I had not considered that. So far as the Board is concerned, it has no objection, or any comment to make on any powers conferred on the Federal Appeal Board.

By Mr. McPherson:

Q. The effect would be to remove the discretion from the Board of Pension Commissioners, to the Federal Appeal Board?—A. Yes. The next refers to section 51, subsection 4. (Reading):

The right of appeal shall be open for two years after the appointment of the Federal Appeal Board by the Governor in Council, or for one year after the decision complained of, whichever may be the later.

By Mr. Adshead:

Q. That limits the soldier to one year after the decision of the Board?—A. They suggest amending it by providing exceptions.

By Mr. Thorson:

Q. Or in other words, that wipes out the time limit?—A. It wipes out the time limit.

Q. Or it might have the effect of so doing. It leaves the Federal Appeal Board to decide the time within which to apply?—A. Yes.

By the Chairman:

Q. What do you intend to take up next?—A. Mr. Gilman's suggestions.

Mr. THORSON: Mr. Gilman's suggestions from the beginning?

Col. THOMPSON: Yes.

The CHAIRMAN: Or we might deal with insurance now.

Col. THOMPSON: The insurance man is not here.

Mr. THORSON: There was one suggestion we postponed consideration of.

[Col. Thompson.]

The CHAIRMAN: Then we will return now "by permission of the House" to appeals. This is a suggestion of the Minister.

Col. THOMPSON: With regard to time limits, the Minister has a suggestion. It is his suggestion No. 22, and is that subsections 2 to 8 inclusive affecting 51 of the said Act are repealed, and the following substituted therefor:

2. Any person desiring to appeal may do so by notice in writing delivered to the department or to the Board, on or before the 31st day of December, 1928, or within two years from the date of the decision complained of.

3. In accordance with such regulations as may be made by the Governor in Council in that behalf, an applicant may be allowed the expenses incurred by him in attending at the hearing of any appeal, and both the applicant and the Commission shall be entitled to appear at such hearing by counsel or other representative, but no allowance shall be made for the payment of any fee or remuneration to any counsel or representative, so appearing, other than the Official Soldiers' Advisers appointed under the Department of National Health and Veterans' Welfare Act.

This is really the first item.

By the Chairman:

Q. A question arises here on the matter of policy; if you do not think you should answer, Colonel Thompson, I will not be offended. You never send representatives to appear before the Federal Appeal Board to discuss these cases?—A. We have no staff to send.

Q. Do you think it advisable, that you should have a staff to send, to uphold your ruling?—A. I think it would be advisable for us to have some one present to see that all the facts both ways are elicited.

By Mr. Thorson:

Q. Do you mean as counsel for the Board of Pension Commissioners?—A. I do not care whether you call him counsel or not.

Q. Why should there be counsel for the Board of Pension Commissioners? There is never a counsel for a court if an appeal goes to a court of appeal.

By Mr. MacLaren:

Q. How could you arrange that if the appeal were held in Vancouver?—A. You could follow the Appeal Board around.

Mr. McPHERSON: You could follow the Appeal Board, but you did not feel justified in asking funds for the extra expense of counsel travelling around all the time?

Mr. McGIBBON: In the second clause, why do you refuse the man's own counsel his expenses?

Col. THOMPSON: The soldier's advocate is supposed to do the work; the soldier's adviser.

Mr. McGIBBON: The soldier might prefer some one else.

The CHAIRMAN: That was considered from the beginning of this pension discussion that we were not going to allow outside lawyers to establish themselves as claims' agents. There is a section in the Act that says "the fees of lawyers should be carefully scrutinized by the Board of Pension Commissioners." I think, as a lawyer, we should keep clear of exploiting claims.

Mr. McGIBBON: As a pensioner, would you not think you had a right to your own solicitor?

[Col. Thompson.]

Mr. THORSON: There are always plenty of men who are willing to act without fees.

Mr. BLACK (Yukon): In many of these cases, lawyers act gratuitously. I have done it myself in several cases.

The CHAIRMAN: So have I. In this country, we wish to avoid the creation of a class of pension lawyers.

Mr. McGIBBON: I see a weakness in your argument there, because the soldier may say he has no confidence in any other person than his own lawyer. It is only a question of whether it should be an official of Government, or a representative of the man.

Mr. THORSON: Let it be an official of the Government.

Mr. McGIBBON: I say, let it be a representative of the man, if you are going to have a lawyer at all. I am not advocating paying any one, but if you are, then let the man choose his own representative.

Mr. BLACK: That proposed amendment would not allow the official soldiers' adviser to get a special fee in each case?

The CHAIRMAN: He never does.

Mr. THORSON: He is paid a salary.

Mr. BLACK: He is paid a salary, and that is part of his work.

The CHAIRMAN: If this Committee wishes to suggest an increase in pay for the soldiers' advisers, I would be right with them.

Mr. THORSON: Or an increase in their staff, if it was shown to be necessary.

Mr. McGIBBON: If a man is really deserving of a pension, is it not fair to him to permit him to employ some one where he lives, to prepare his case, and not depend on an adviser who lives three hundred miles away? I do not think Muskoka is a bit different from thousands of other places in Canada; the cities are looked after, but the country is not.

Col. THOMPSON: If the applicant employed a solicitor, in your part of the country, doctor, and the solicitor prepared the material, and sent it to the Pension Board, the Board would authorize a reasonable fee. We do not pay the fee. We approve of it.

By the Chairman:

Q. Have you approved of the payment of fees in a number of cases?—A. Yes.

Mr. McGIBBON: Appeals are heard, and cases are lost, because they have not been properly prepared. The pensioner does not know how to prepare his case. I should like to know what the pensioners' representatives are doing.

The CHAIRMAN: They have no means of finding out such cases.

Mr. McLEAN (Melfort): There are men in the unfortunate position of not knowing their rights. In curing that, you face the danger of creating a certain class of lawyers who would make a specialty of pension claims, and we would soon have a hot-house growth of cases.

Mr. THORSON: Would not the solution lie in increasing the staffs of the official soldiers' advisers so that they could go to the back parts of the country.

Mr. McGIBBON: That would soon pile up bills for salaries and travelling expenses.

Mr. ADSHEAD: It was suggested that notices containing instructions could be put up in the post offices.

[Col. Thompson.]

The CHAIRMAN: In cases that come before the Pension Board, such as you suggest, Dr. McGibbon, the Board may approve of a reasonable fee. It is proposed by the Minister, that no fee should be paid on appeal. We could provide for a reasonable fee, to counsel on appeal, if your suggestion meets with the approval of the Committee and the House. Personally, I am opposed to it.

Mr. MCPHERSON: While you can restrain the amount of fees, the difficulty is that the lawyer starts the case from a money making standpoint, and not from the soldier's. The amount of the fee charged might be nominal in many cases, but it would build up into a very large gross total.

Col. THOMPSON: That was quite the case in the United States; there was a sort of pension business, and the same thing started in Ottawa, here.

Mr. ADSHEAD: Notices in the rural post offices would reach at least two-thirds of the men.

The CHAIRMAN: Under the present Act, a lawyer may draw up a pensioner's first claim, and the lawyer may get paid. The Board fixes the amount of the fee. That is, the Pension Board approves of fees, although it does not pay them.

Col. THOMPSON: It authorizes the solicitor to collect from the pensioner. Otherwise, the counsellor cannot collect anything from the pensioner.

Mr. THORSON. That is the counsel collects from the pensioner and not from the Government.

The CHAIRMAN: Section 43 provides for the collection of fees on application for pensions, and imposes the penalty if the amount of the fees or charges has not been approved by the Commission.

Mr. MCGIBBON: That prevents the soldier from getting a lawyer of his own choice to thoroughly prepare and present his case. Dr. Kee said a lot of these cases fail because they are not properly presented at the start.

Dr. KEE: That is right.

The CHAIRMAN: Then the soldiers' advisers need to be trained to present cases thoroughly.

Mr. THORSON: We might have travelling soldiers' advisers to go into the localities, get the facts at first hand, and prepare the case.

Mr. MCGIBBON: That would be at a great expense.

The CHAIRMAN: It is one o'clock, we will adjourn now.

Witnesses retired.

The Committee adjourned until Monday, March 26th, at 11 o'clock a.m.

MONDAY, March 26, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

The CHAIRMAN: I have received a letter from the Veterans of the Federal Riding of North York, which reads as follows. (Reading):

Resolved that this Association, in the best interests of the veteran and especially for greater economy for administration, do strongly urge upon the Dominion Government that in amending the Pension Act provision should be made that all veterans on pension for disability should continue on such pension without further medical examination by the D.S.C.R., but maintaining the veteran's right to ask for further examination with a view to increased pension whenever he is of the opinion that his disability has increased.

Moved by A. G. Condie,

Seconded by Dr. C. R. Boulding.

Aurora, March 3rd, 1928.

The subject matter of this letter has been dealt with by the suggestions of the Legion. Is there anything further on the St. Thomas case that we want to discuss?

Mr. HEPBURN: I have not heard from the man's employer, but I did get a letter from the soldiers' adviser, stating that he could not recollect any representations having been made to him. I understand the Board have written to the pensioner himself. Is that right, Dr. Kee?

Dr. KEE: That is right.

The CHAIRMAN: We will leave it at that for the time being.

Mr. HEPBURN: Yes.

Mr. ADSHEAD: One question, Mr. Chairman. Have the Board many cases of that sort

Dr. KEE: We had a great many in the early days.

Mr. ADSHEAD: Did you make any effort yourselves, outside of the man's giving his address, to find his whereabouts?

Dr. KEE: Yes. We advertised this case in the "Veteran."

Mr. HEPBURN: Yes, this was advertised in the "Veteran." I can understand the difficulty. He was working for another man, on a rural route, out of St. Thomas. He was probably a man who never received any letters, and the postmaster knew nothing about him.

Mr. ADSHEAD: I wanted to know whether any steps were taken to find out whether he was at the address he had left.

Dr. KEE: Yes. Some of these men disappear.

[Dr. Kee.]

The CHAIRMAN: Col. Thompson tells me that we omitted to discuss section 4 of the Legion's recommendations, at his request. He is now prepared to discuss this section with us: No. 4 of the recommendation of the Legion, as to section 11.

Col. THOMPSON, Dr. KEE and Mr. PATON, recalled.

Col. THOMPSON: Suggestion 4 reads. (Reading):

That section 11, subsection (1), (a) be replaced by a new subsection providing for the award of pensions to or in respect of members of the forces who have suffered disability, in accordance with the rates set out in Schedule "A" of The Pension Act, when the injury or disease or aggravation thereof resulting in disability in respect of which the application for pension is made was attributable to or was incurred during such military service.

Providing also for the award of pension to or in respect of members of the forces who have died, in accordance with the rates set out in Schedule "B" of The Pension Act, when the injury or disease resulting in death in respect of which application for pension is made was attributable to or was incurred or aggravated during such military service.

The explanatory note reads. (Reading):

This proposal is intended to reintroduce the provisions of the original Act of 1919 so as to provide for payment of pension to dependents (if otherwise eligible) in all cases where death is the result of an injury or disease aggravated by or during service. This submission is based on the fact that, under the present practice, a man may be in receipt of pension for aggravation during his lifetime, together with the stipulated allowance for his wife and children; but, upon his death from the pensionable disability, pension to the widow and children is refused unless it can be shown that death was the result of service aggravation, as distinguished from the entire condition. It is submitted that any service aggravation must necessarily shorten expectancy of life.

Briefly, the proposition is that if a man served for a few days and there was even negligible aggravation, say to the extent of a \$25 gratuity, if he subsequently died of the condition for which he had received a gratuity of \$25, his dependents shall be pensioned. In connection with that suggestion, one or more members of the Committee asked several questions as to the practice of the Board, and what prevailed at a certain date, and when it was changed. I have prepared a statement, making it as brief as possible, because it will not be possible for the Committee to understand the original regulations, the original Act, and the amendment, if the evidence is given in the form of question and answer. It is a very involved and complicated subject, and I suggest that I read this statement in order that it may be in a succinct form before the members of the Committee, to which they can refer and, after the statement has been read for the information of the members, we will answer any questions that may be asked.

I would like, before reading the statement, to make the following observations in reference to the statement which will be read. The word "disability" is used in a number of senses, and it is very inaccurate to say that pensions are granted for disability. There is a great deal of confusion of thought in regard to this, and I am not surprised because "disability," "disease," "injury" and so on have been a matter of confused thought, ever since the Pension Act was passed. As a matter of fact, it started some time before that, and the confusion has lasted up till one of the last amendments. It is absolutely necessary to understand exactly the definition of "disability," in order to

[Col. Thompson.]

understand what the various amendments mean, and the effect of them. A clear distinction is necessary, because of the confusion created by the original definition. This is the way the original definition reads:—

“disability” means a wound, injury or disease.

Now, as a matter of fact, “disability” does not mean wounds, injuries or disease, because there are many wounds, and many injuries creating no disability. Then, in 1920, “disability” was defined as meaning: “the loss or lessening of the power to will and to do any normal, mental or physical act.” That was the definition in 1920, and this is the definition at the present time.

Sir EUGENE Fiset: Will you repeat that again, please?

The CHAIRMAN: It is in the Statute, in 1920.

WITNESS: “The loss or lessening of the power to will and do any normal, mental or physical act.” While I may observe that that is the definition of 1920, yet regardless of that definition, the word “disability” is used in a totally different sense throughout the Statute. I emphasize that, because as a matter of fact, one or more witnesses have referred to the fact—and Col. Belton was one of them—that if a man is now suffering a disability, the Appeal Board is not interested as to what the disability is, provided it is attributable to service. Now, as a matter of fact, we do not pension in respect of wounds, injuries or diseases causing disability, which were attributable to service. If we pensioned on that ground alone, there would be thousands of pensions cancelled. We pension in a broader sense. We pension in respect of an injury, wound or disease, causing a disability, where the wound, injury or disease was incurred on service, which is a very much broader interpretation, and a very much broader pension basis. Perhaps I might illustrate to the Committee? For instance, supposing there were two men, both married, and after their day's labour, they both went to the armouries in the evening, and were attested; nothing more. They then became members of the forces. They go around the corner to their house where they are both living, both have families, and they have their evening meal, and during the night the house is burglarized, and in the *melée* both men are shot. One is blinded as a result of the gun-shot wound, and the other is killed. Now, in no sense of the word, even the broadest sense of the word, could it be said that the death of one man, and the disability of the other was attributable to military service. That could not be said, nor was it. If it had to be attributable to military service, the blinded man would receive no pension, and the dependents of the dead man would receive no pension. The words “attributable to service” are therefore incorrectly used at the present time. In the illustration I speak of, with regard to the man who was killed outright, his dependents are pensioned, because his death occurred on service; not attributable to service, but was incurred on service. The blinded man is pensioned for his total disability, not because his disability was attributable to military service, but because it was incurred on service. It is absolutely essential to understand, therefore, both what “disability” means, and that pensions are now paid in respect of “wounds, injuries or diseases” incurred on service, causing disability.

Mr. ADSHEAD: The words “on service” then simply mean during service, during the time that he is in the forces. They do not mean actual service in a theatre of war, but the time during which he is in the army.

WITNESS: Yes.

Mr. ADSHEAD: And, if he receives the injury from any source whatever.

WITNESS: Yes. In other words, as a member of the forces, he was insured in respect of whatever happened to him. Now, here is the statement, Mr. Chairman, and after I have read it, I will be glad to answer questions.

The CHAIRMAN: You do not care to be asked questions while you are reading? But, before you begin, will you point out in the Act an instance of where the word “disability” is to your mind, incorrectly used?

[Col. Thompson.]

WITNESS: That is coming, sir; it is all here. I prepared this in the form of a statement in order that I might be absolutely accurate, and that it will be before the Committee in a very much more succinct manner than if questions were asked in verbal evidence. "Up to the 29th of April, 1915, pensions were awarded under the pay and allowance regulations." I might add in parenthesis that there is the first thing.

Mr. ADSHEAD: "Service" then, means during the term of enlistment, wherever the soldier may be, whether he is in military service, or in war service, or any sort of service?

The CHAIRMAN: I think it would be better to allow Col. Thompson to read his statement through without any interruption by questions.

Mr. ADSHEAD: I wanted to get that point clear.

WITNESS. (Reading):

Up to the 29th of April, 1915, pensions in respect to the C.E.F. were awarded under the Pay and Allowance Regulation, Militia Department, 1914. By Order in Council on the 29th of April, 1915, amendments were made to these regulations and by further Order in Council these regulations were made applicable to the C.E.F. where officers and men had incurred "death or disability on service" and pensions were granted in all respects as if all such officers and men had been in the Militia of Canada. The material part of the Pay and Allowance Regulations is as follows:—

"Militia Pay and Allowance Regulations" 641. Pensions were granted in various cases.

- (a) A first degree pension was paid where a man was rendered totally incapable of earning a livelihood through wounds received or illness contracted by the action of or in the presence of the enemy.
- (b) A lower pension was paid where totally incapacitating wounds or injuries were received *not* in the presence of the enemy or in action.
- (c) A third degree pension was awarded where there was a smaller degree of incapacity through injuries received or illness contracted in the presence of the enemy; and
- (d) a fourth degree pension was awarded where a small degree of incapacity resulted from service not in the presence of the enemy.

Pensions were paid for death of a man totally incapacitated.

642. Pensions *may* be paid to the widow of a man killed or who died as the result of illness contracted during drill.

NOTE: No pension was paid to the man or to the dependents where there was any aggravation even of a high degree.

On September 18, 1915, the Naval forces of Canada were brought under the Militia Regulations and pensions were paid for wounds to those who were wounded or disabled *on duty* or who were invalided through a disability *contracted in or due to* the service. The pensions were graded as in the Militia Pay and Allowance Regulations.

On the 3rd of June, 1916, an Order in Council (P.C. 1334) was passed respecting pensions to officers and men disabled or partially disabled or killed. This Order in Council also created the Board of Pension Commissioners.

Under paragraph 2 of the Regulations contained in this Order in Council the Commissioners shall have power to pay pensions to persons wounded or incapacitated, or to their dependent relatives.

Paragraph 16 of the Regulations provides as follows:—

When a member of the forces has been killed or has died as the result of injury received or disease contracted or aggravated while on active service, the widow shall be entitled to pension, etc.

Paragraph 17 reads:—

If a member of the forces has been killed or had died as the result of injury received or disease contracted or aggravated while on active service the child or children, etc., shall be pensioned.

Pensions were granted originally under the scale of the Militia Pension Regulations but by this same Order in Council, viz., P.C. 1334 of June 3rd, 1916, the scale was increased and all war pensions awarded before that time were brought up to the new rates.

Order in Council, P.C. 1334, of June 3rd, 1916, further provided as follows,

These regulations shall only apply to or in respect of members of the forces serving in the C.E.F. during the present war and shall be deemed to have come into force on the 4th day of August, 1914, and shall apply to or in respect of all casualties occurring in the said forces since the said 4th August.

Pursuant to the provisions just read pensions were revised with effect from August 4, 1914, and brought up to the scale provided for in the schedule.

Subsequent orders in council altering the rates were *not* made retro-active.

The important section under consideration is section 16 of the Regulations contained in Order in Council, P.C. 1334, of 3rd June, 1916, which was retroactive to August, 1914. Furthermore section 16 of these regulations continued in force until the 1st of September, 1919, on which the Pension Act came into force and these Regulations were cancelled. Section 11 of the Act which replaced regulation 16 reads:—

The Commission shall award pensions, etc.—When the disability or death in respect of which the application for pension is made was attributable to or was incurred or aggravated during military service.

To which there was a proviso as follows—

Provided further that when a member of the forces has suffered disability or death after the Declaration of Peace no pension shall be paid unless such disability was incurred or aggravated or such death occurred as the direct result of military service.

This is the first change with regard to cases in which a member of the forces had died from a condition aggravated on service, and refers to the proviso, viz., that after the Declaration of Peace pension shall not be paid unless such death was a direct result of military service.

With regard to the Declaration of Peace there was considerable confusion. The Statute came into force on the 1st of September, 1919, and on January 10, 1920, Peace was proclaimed in London by Royal Proclamation and was taken as the Declaration of Peace. Subsequently by Order in Council the official date of the Declaration of Peace in Canada was declared to be the 31st of August, 1921.

[Col. Thompson.]

It would be advisable before proceeding to discuss section 11 of the Act of 1919 to quote section 3 of the amending Act of the 1st of September, 1920. Section 3 of the Act of 1920 repealed all of section 11 so that the original section 11 of the Act of 1919 was in force for one year and when it was repealed the repealing section read:—

The Commission shall award pensions to or in respect of members of the forces should they suffer disability in accordance with the rules set out in schedule A of this Act and in respect of members of the forces who have died in accordance with the rules set out in schedule B of this Act when the disability or death in respect of which the application for pension is made was attributable to military service.

Section 11 of the Act of 1919:—

It will be observed that the Statute reads that when the disability or death was incurred or aggravated pension shall be granted. This was in part thoroughly obscure and meaningless because death could not be aggravated and if the exact reading of the Statute was followed pensions for deaths could not be granted because death could not be aggravated. In order to give effect to what was undoubtedly the intention of Parliament it was necessary for the Board to interpret the word "disability" as meaning "injury or disease resulting in".

It will be noted that the amended Statute of September 1, 1920, provided that pension should be paid "when the disability or death was attributable to military service". This amendment definitely repealed the insurance principle, namely which had been that Canada would pay pension in respect of disability or death the result of injury or disease contracted or aggravated during military service because the repealing section states that thereafter, namely, after September 1, 1920, pension shall be awarded only where disability or death (meaning thereby the injury or disease resulting in disability or death) was attributable to military service.

Up to the 1st of September, 1920, pensions were paid in respect of disability or death the result of injury or disease contracted or aggravated during service.

The Board, therefore, up to September 1, 1920, paid pensions to dependents where a man died as the result of a disease aggravated during service. After the 1st of September, 1920, pension was awarded to dependents only when the aggravation was

(a) attributable to military service; and

(b) such aggravation was the cause of death.

There was no amendment to Section 11 of material consequence affecting members of the C.E.F. or their dependents until after the report of the Ralston Commission on Pensions held during 1922-23. Section 11 was then given lengthy and careful consideration by the Royal Commission because of the volume of evidence submitted showing the number of those who had been refused pension because of the amendment of 1920. The Commission made its report and pursuant to that report Section 11 was again repealed on June 30, 1923, and such repeal was made effective as of the 1st of September, 1919. All cases affected by the proviso of 1919 as well as the Statute of 1920 were reviewed in accordance with the new section then passed.

The important portion of the Statute of June 30, 1923, is Section 3 and will be found in paragraph (a) in the four last lines thereof which dealt with pensions to dependents in death cases. The subsection reads that pension shall be awarded in respect of members of the forces, etc.,

[Col. Thompson.]

where "the injury or disease or the aggravation thereof resulting in the death in respect of which the application for pension is made was attributable to or was incurred during military service".

I would call the Committee's attention to the fact that this amendment is made retroactive to the 1st of September, 1919.

The practical effect of the various Orders in Council and the Pension Act and amendments is as follows,—

That up to the 1st of September, 1920, war pensions were paid to dependents in respect of death where it was considered that the injury or disease resulting in death had been aggravated during service. After the 1st of September, 1920, it was necessary to show that death was the result of the aggravation so that when the cases were reviewed pursuant to the Statute of June 30, 1923, in all cases where death followed in respect of an aggravation of a pre-enlistment injury or disease dependents were not pensioned unless the aggravation of the pre-enlistment injury or disease resulted in death.

The Statute was subsequently amended but no amendment is material to the question under consideration. The amendments were merely to clarify the Statutes.

I call the Committee's attention to the fact that certain cases of aggravation of pre-enlistment injury or disease are not adversely affected by any of the amendments. The cases I refer to are those where a man with a pre-enlistment injury or disease served in a theatre of actual war provided the disabling condition was not obvious, wilfully concealed or a congenital defect. The dependents of all such cases were pensioned where such pre-enlistment injury or disease was aggravated and resulted in death even if the aggravation was of a very slight degree. Furthermore, if a man served in a theatre of actual war and if upon discharge there was an aggravation of his pre-enlistment injury or disease he was pensioned in full for the original injury or disease was obvious, wilfully concealed or congenital. The only cases therefore which are adversely affected by the Statute of 1920 are those who served in Canada or England only and who were suffering on enlistment from a pre-enlistment injury or disease which was aggravated during service. Such men are pensioned for the aggravation only. Their dependents are not pensioned in the event of such men dying of the original pre-enlistment injury or disease unless death was the result of the aggravation.

That is the statement, gentlemen. I may say that all the difficulties of the Board, and all the difficulties in connection with the Statute arose out of the fact that the Pension Act of 1919 was the worst drawn Statute I have ever seen in my life and the amendments down to the last amendment were even worse if possible.

By the Chairman:

Q. Down to the last?—A. The last is all right. It was put in at the suggestion of the Pension Board.

By Mr. Thorson:

Q. I thought at the beginning that the Pension Board never made suggestions?—A. We had to make a reference in connection with that last amendment, Mr. Thorson, because that same old bug-bear disability was still poking its head up in the Statute, and we had to get it out some way.

[Col. Thompson.]

By Mr. Adshead:

Q. You used the word service at first, as equivalent to the word "enlistment," then you went on to speak of "service", "active service" and "military service". Is there a distinction between those three terms? I cannot distinguish between the three.

The CHAIRMAN: Perhaps Col. Thompson will explain that to Mr. Adshead now.

Mr. ADSHEAD: I just want to get it clear. I am not a military man. I want to get at the meaning of these things.

Col. THOMPSON: The present Statute provides that if a man enlists the Government insures him with regard to anything that happens to him during service, that is, until he is discharged, from the date of his enlistment.

By Mr. Adshead:

Q. Well, what is active service and what is military service? I heard you read it in your statement?—A. I was reading the Pay and Allowances regulations of the Militia Department. I was giving you the War Pension Regulations.

Q. Is there any difference in the meaning, any difference in the concept in the mind between these three things?—A. No.

Q. You use the words, "service", "active service", and "military service". Is there any difference in their meaning?—A. There is no difference in the meaning.

By Mr. McPherson:

Q. There was a case cited by Mr. Bowler, at Page 5 of the original evidence, afterwards referred to at Page 389. I think at this point Colonel Thompson might give us an explanation of that case. I am not repeating it, because the whole story is set out on these pages, but I was wondering if that covers this point exactly?—A. Mr. Paton has the record on that case.

Mr. PATON: This man enlisted in June, 1915, and was discharged in February, 1917; he served in Canada and England only. On discharge he was awarded a class five pension, that is, he was in the sixth class. The total disability was 25 per cent, and pensionable 25 per cent, on account of arterio sclerosis aggravated and right inguinal hernia contracted. The case was reviewed in 1917 and the pension was continued in class 17 at 20 per cent total. On review in 1918 the pension was continued in class 18, 15 per cent. The man re-enlisted in April, 1918, and was discharged in June, 1920, after service in Canada only. After a medical re-examination in February, 1919, during his second service, his total disability was 20 per cent and his pensionable disability 10 per cent on account of arterio sclerosis aggravated and hernia contracted. Previously he had been awarded a pension as though the two conditions had been aggravated whereas one was aggravated in Canada and England only.

After a re-examination in January, 1920, his total disability was 20 per cent, and pensionable 10 per cent on account of disability due to disordered action of the heart and arterio sclerosis aggravated on active service. No mention was made of hernia on this examination which was obviously a mistake. The hernia existed at the time, and was contracted during military service. After a re-examination in October, 1920, his total disability was 20 per cent, and pensionable 10 per cent on account of hernia contracted and arterio sclerosis aggravated. In February, 1921, he accepted a final payment of \$600. That was on the basis of 10 per cent disability. He died in January, 1924, and the cause of death was myo carditis (arterio sclerosis) with auricular fibrillation.

[Col. Thompson, and Mr. Paton.]

An application was made by the widow for a pension. The Board took all the evidence into consideration, and was of the opinion that the deceased had marked cardio-vascular disease with arterio sclerosis prior to his first service, or his first enlistment, and that the aggravation during both enlistments would not be more than 10 or 15 per cent of the total disability therefrom; that is, the total disability from the arterio sclerosis and the cardio-vascular disease was not more than one-sixth of the total and that his death was not considered to be the result of aggravation on service.

The widow appealed to the Federal Appeal Board. The appeal was disallowed and the opinion of the Board of Pension Commissioners was affirmed.

By Mr. McGibbon:

Q. What was his death due to?—A. His death was due to myocarditis.

Q. How do you reconcile these statements? You said in the first place that he only had 20 per cent disability, and yet he died from it?—A. He had 20 per cent disability there from hernia. At the last re-examination, his total disability was 20 per cent, and his pensionable disability was 10 per cent. That pensionable disability of 10 per cent includes hernia and aggravation.

Q. Do you still admit that he died from it?—A. He died from it and it was aggravated to a very small extent. That was the opinion of the Board.

Q. I do not see how you can say myocarditis was only 20 per cent, and yet he had enough to kill him?—A. The total disability was 20 per cent, and the pensionable 10 per cent, and that included the hernia and the aggravation.

Q. How could a man with that disability die from myocarditis?

Dr. KEE: This man took his pension in 1920, and we heard nothing more of him until he died. He was certainly 100 per cent disabled before he died.

Mr. PATON: The aggravation amounted to one-sixth.

Mr. MCGIBBON: It increased? It was bad enough to cause his death.

Mr. KEE: It increased up to the time of his death. Whatever the disability was which caused his death it was only one-sixth aggravated.

Mr. MCGIBBON: But here was a man who you know is dead; he died from myocarditis, yet you figure out his pension as one-sixth of 20 per cent. Under what possible sane reasoning could a conclusion like that be arrived at?

Mr. PATON: It was one-sixth in October, 1920, but not at the time he died.

Mr. MCGIBBON: But you made the pension after he died?

Mr. PATON: No, he was pensioned after medical examination in 1920.

Mr. MCGIBBON: What occurred after his death?

Mr. PATON: There was an application made by his widow after his death.

Mr. MCGIBBON: That makes it worse. A man has a disease, and it progresses until it kills him, and yet you cut off the widow.

Mr. PATON: He had it in Canada.

Mr. MCGIBBON: Taking it at your own figures, it was only 7 per cent or six per cent.

Mr. PATON: But it did result in death. Under the Statute the medical men were of the opinion that the aggravation was small.

Mr. MCPHERSON: The fact that he had a pension had nothing to do with it at all.

Mr. MCGIBBON: Here is a man who goes into the army, and goes through what they had to go through over there, then he comes out, and you say that his aggravation was due to a pre-war condition in Canada.

Dr. KEE: He was in the army only two or three months and was discharged in Canada.

Mr. MCGIBBON: How long was he in the army?

[Mr. Paton, and Dr. Kee.]

Mr. PATON: He was in twice, once from June, 1915, to February, 1917, and again from April, 1918, to June, 1920.

Mr. HEPBURN: The real aggravation took place between the time of his discharge and the time he died in 1924?

Dr. KEE: I would not say that. There was some aggravation on service. You have to take everything into consideration in arriving at the aggravation.

Mr. ROSS: You say he had myocarditis. The symptoms of that would be what?

Dr. KEE: Myocarditis would probably be the tail-end result.

Mr. ROSS: There is not a thing to show that on enlistment the man had myocarditis or arterio sclerosis?

Dr. KEE: It is a very fine point, to distinguish between them; they are all one and the same thing, to my mind. I know that was the opinion of the Pension Board.

Mr. MCGIBBON: Why did they attribute practically all his increased cardiac condition to pre-enlistment and not to war service?

Mr. ROSS: Have you there the papers on his enlistment?

Dr. KEE: Yes. The man enlisted on the 3rd of June, 1915, and our first report on him was on the 25th October, 1916. He was discharged on February 24, 1917, after service in England only.

Our first medical note is that he was described as suffering from asthmatic attacks and arterio sclerosis.

Mr. MCGIBBON: Where was that report made?

Dr. KEE: These are the medical entries of the medical board.

Mr. MCGIBBON: Where?

Dr. KEE: They are dated 25.10.16.

Mr. MCGIBBON: Canada or England?

Dr. KEE: Canada. He had a blood pressure of 220-120.

Mr. ROSS: That was months after his enlistment?

Dr. KEE: Not so very long.

Sir EUGENE Fiset: Have you his medical sheet there?

Dr. KEE: It was one year and four months afterwards?

Mr. ADSHEAD: Have you his enlistment papers here?

Sir EUGENE Fiset: Have you anything on the medical examination papers?

Dr. KEE: Nothing.

Mr. ROSS: He would be examined when he enlisted. He would be examined when he left Canada, and would be examined again in England.

Dr. KEE: Here is the medical report in which he is described as suffering from asthmatic attacks, arterio sclerosis, blood-pressure 220-120, real age 52. The Board states that while the condition could not be attributed to his service, he had been in the army a year and a half and had a serious condition, and it is recommended that he be discharged from service, and his pre-enlistment condition having been aggravated he should not be re-enlisted.

These men were taken on. There were thousands and thousands of such men.

Mr. ROSS: You said there were only two or three months. The man would be months in Canada before he was allowed to go to England.

Sir EUGENE Fiset: In many of these cases, they remained at Valcartier until the ships were ready to take them over. Some remained there only two or three months.

Mr. THORSON: He might have been living in a barn in the meantime all winter.

Mr. Ross: There is nothing on enlistment to show, and the only evidence is over a year after.

Dr. KEE: We have tens of thousands of cases where they have nothing on their enlistment sheet, and yet were pensioned for what the Board considered pre-enlistment conditions.

The CHAIRMAN: Had these men medical examinations before proceeding from Canada to England, were they examined before they were shipped overseas?

Sir EUGENE Fiset: The First Contingent was examined at Valcartier in a very crude manner. You know that as well as I do—the First Contingent especially.

Dr. KEE: It is a well-known fact that the enlistment sheets did not show anything wrong with them at the time of enlistment.

Mr. McGIBBON: Dr. Kee, who were on that Board who stated that that was a pre-enlistment disability?

Dr. KEE: I do not know whether we have the original Board here, sir. Apparently they were Dr. Raikes and Dr. Hume Blake and T. H. Macdonald were on the one of the 10th November, 1916.

Mr. ADSHEAD: Is that the time at which he enlisted?

Dr. KEE: That Board said he had no aggravation. We do not, however, go on a military Board if we think it is not correct.

Mr. McGIBBON: On what ground would they say that; not having had the condition previously?

Dr. KEE: Here is the statement that the Board made.

This man has not been to France. He first enlisted with the 106th Battalion of Winnipeg, and went to Valcartier. Was sent back to Winnipeg, and joined the 61st. Was at Sewell Camp with them. This was about eighteen months ago. When there, he developed attacks of difficult breathing when marching. He says they come on with pains, and a feeling of constriction in the chest, and difficult to get his breath. The attacks are becoming more frequent, and he has to sit down when they come on. After sitting down and resting, they pass off in a few minutes. They appear to be of cardiac asthmatic condition. He has a right inguinal hernia of old standing, which is controlled by a truss. He was transferred from the 61st to the 101st Batt. and came to England with them.

The hernia was evidently pre-enlistment.

Sir EUGENE Fiset: Is not that the wrong man?

Mr. Ross (Kingston): The report says that he was sent back to Winnipeg. Does it say for what reason?

Sir EUGENE Fiset: I can explain that, I think. He was one of the first 37,000 that went to Valcartier.

The CHAIRMAN: No, he could not be, he was in the 106th. There was no 106th Battalion in the First Division.

Sir EUGENE Fiset: The first contingent did not follow the Militia numbers.

Mr. THORSON: It is a militia regiment that is referred to.

Sir EUGENE Fiset: Yes, a regiment called the 106th of the Militia. He was sent back to Winnipeg and there entered another battalion, and came to Valcartier a second time.

Mr. PATON: This was in 1916 that the Board was held.

Dr. KEE: I can draw his military documents and from them tell you when he went to Sewell Camp.

[Dr. Kee, and Mr. Paton.]

Mr. ADSHEAD: Have you got his first enlistment papers?

Dr. KEE: I have not got them here, but I can get them.

Col. THOMPSON: He evidently was found unfit when he arrived at Valcartier, and they shipped him back.

Mr. McPHERSON: What year was that?

Col. THOMPSON: 1914.

Dr. KEE: This is rather confusing because it is dated in November, 1916, and it says: "eighteen months ago."

Mr. ADSHEAD: We should have his papers showing when he first enlisted in Winnipeg, and when he was sent to Valcartier.

Mr. McGIBBON: The predominant fact is that the man gave out on service, a year or a year and a half after enlistment. I do not see how you can say there is no aggravation, from the evidence.

Dr. KEE: That is what the Board said then. We did not say that.

Mr. THORSON: Can you separate aggravation there from the condition?

Dr. KEE: If one cannot separate them, it means that there is no such thing as aggravation.

Mr. ARTHURS: Hernia was an absolute bar against a man's enlistment, was it not?

Mr. McGIBBON: Yes, I know that.

Sir EUGENE Fiset: It was not discovered with him.

Mr. ARTHURS: The examining doctors were not very much good if they could not discover that.

Sir EUGENE Fiset: But, Col. Arthurs, you know that with the First contingent, there was practically no medical examination at the man's home town, when he enlisted. They all flocked down to Valcartier, and the medical examinations were carried on there, and then a large number were returned home unfit. Then, this man offered himself for enlistment and was accepted, apparently.

Mr. Ross (Kingston): The original statement is that the hernia was contracted on service.

Sir EUGENE Fiset: On the second examination, the hernia was not discovered.

Mr. Ross: On the first report here we were told that the hernia was contracted on service. Now this report shows that he had the hernia and it was no doubt on account of that that he was sent back from Valcartier.

Mr. HEPBURN: He may have been sent back on account of his age.

Dr. KEE: I will draw his regimental documents and tell why he went back. I will get the complete military documents, and have them here afterwards.

Mr. McGIBBON: It seems to me there is a direct contradiction in the medical reports there.

The CHAIRMAN: Any other questions on the disability or aggravation question?

Mr. THORSON: Would it be possible to put into effect some sort of provision such as this: that where a man has received a pension for aggravation, and dies from a condition aggravated during service, a percentage of the pension should be continued to his dependents equal to the pension which he was receiving for the aggravation.

Col. THOMPSON: That is quite possible. The Committee could recommend such a regulation.

Mr. ARTHURS: I think it would be fair in many cases.

Mr. THORSON: In view of the difficulty there must be in separating the aggravation and the condition, it has been pointed out that in a large number of cases pensions to dependents have been discontinued, although it was proved to the satisfaction of the Board that the man died from an aggravated condition, but it was not proved to their satisfaction that he died from the aggravation.

Mr. ARTHURS: Also that it was the same condition for which he was pensioned.

Mr. THORSON: I am assuming that. Would there be a great amount of expense in continuing the pensions to the dependents?

Dr. KEE: At the same ratio?

Mr. THORSON: On a ratio basis.

Col. THOMPSON: We could find out something about that. I should think it would not be a very large number.

Mr. THORSON: It does seem to me to be a little anomalous that a man is pensioned for an aggravation of a condition; he continues to draw that pension, and then he dies from the aggravated condition, but it cannot be proved that he died from the aggravation. Then, immediately, the pension to his dependents is cut off. I would like to have suggestions dealing with that very serious problem.

Dr. KEE: There is a suggestion to that effect by the Amps. is there not?

Col. THOMPSON: They propose, I think, that if a man's pension is class one to five, and at any time in the future if he dies, not of that condition, but of any cause, the pension shall be continued.

Mr. THORSON: It might be comparatively easy to deal with classes one to five, but I am speaking of the lower classes where death is due to the condition aggravated, but not necessarily due to the aggravation. I think we ought to have some suggestions as to how that should be dealt with.

Col. THOMPSON: In what respect?

Mr. THORSON: From the Board. The Board sees the difficulty of proving in those matters, and sees the difficulty of separating the aggravation from the condition. From the experience which the Board has had in those cases of aggravation, the Board might have some suggestion to make to work that out satisfactorily.

Col. THOMPSON: What we do in practice is that if in the opinion of the Board the aggravation is fifty per cent—

Mr. THORSON: I quite appreciate that.

Col. THOMPSON: I was going to explain, I have not explained it in full. Then we can pension the dependents. There are cases where the man has only been pensioned for a slight degree of aggravation, but the conditions of his death, following rapidly upon demobilization, or as the case may be, or even at a later date, where it was apparent that the assessment of the aggravation was too low, we sometimes now, in the case of dependents, pension on the ground that our original estimate was wrong. That is the basis we go on.

Mr. THORSON: The broader basis is that you find the death due to the aggravation.

Col. THOMPSON: The result of the aggravation.

Mr. THORSON: I am speaking of the cases where you do not find the death due to the aggravation, but you do find it is due to the condition which was aggravated.

Col. THOMPSON: The simple proposition would be to do as you suggest, continue the pension to the dependents, according to the extent of the pension that was actually being received by the man.

[Col. Thompson, and Dr. Kee.]

The CHAIRMAN: It has been said that that would give rise to discontent, that we would never hear the last of it. In this case, this man was a ten per cent aggravation. Had his widow received ten per cent of the widow's pension, there would be difficulty.

Mr. THORSON: No, he is fifty per cent.

The CHAIRMAN: His pensionable disability is fifty per cent.

Dr. KEE: Not in respect of what caused his death, though, that is the point there?

Col. THOMPSON: If the aggravation in the opinion of the Board is ten, fifteen, or twenty per cent, and then he dies, here is what happens: the widow says, "I am getting only 20 per cent of a widow's pension; how can I possibly live on that?"

Mr. THORSON: But at present, she gets nothing at all.

Col. THOMPSON: No. But if she is allowed only a per cent of the pension, she says, "If my man had not gone to the war, he would not have died," and so on.

Mr. ARTHURS: As an alternative, would it be possible to pension the widow at the ordinary rate for the degree of disability for a certain length of time? That is, one year for ten per cent, or a year and a half for fifteen per cent? That would be an alternative.

Col. THOMPSON: I do not think that would be possible.

Mr. THORSON: I thought the Board might come here with some suggestion based on its experience, for the information of the Board.

Mr. McGIBBON: Supposing you have a man with a pre-enlistment disability of three per cent. Take a case of arterio sclerosis. He suffers an injury bringing it up to forty per cent. He eventually dies of the same disease. How are you going to proportion that?

Dr. KEE: I have not got your question, sir.

Mr. McGIBBON: Supposing you have a man with arterio sclerosis twenty-per cent. In the army it is aggravated.

Dr. KEE: And when he comes out the total is forty?

Mr. McGIBBON: Yes. He ultimately dies. How can you proportion that.

Dr. KEE: The only way we can arrive at this is, if there is a Board shortly after enlistment.

Mr. McGIBBON: Granting that there is a disability of twenty per cent on enlistment and on discharge he has got forty per cent.

Dr. KEE: If he served in Canada or England only, he would get, total 40; pensionability 20.

Mr. McGIBBON: I am not talking about that. I say if he dies.

Dr. KEE: I will work up to it. It is in proportion. When he gets to one hundred, he gets fifty. And if he dies with that, the widow will be pensioned. The ratio is maintained all the way through.

Mr. McGIBBON: How are you going to say that the progression of this disease is due to pre-enlistment, and not to aggravation?

Dr. KEE: That is very difficult.

Mr. McGIBBON: Is it not impossible?

Dr. KEE: You have got to say it is all related to service, if it is otherwise; you must relate it to something.

Mr. McGIBBON: But you say it is all related to service except 20 per cent?

Dr. KEE: We say that the aggravation on service, and the pre-enlistment condition at the same ratio are responsible for his progression.

[Col. Thompson, and Dr. Kee.]

The CHAIRMAN: That is one way of getting at it, and that may not be the correct way, but that is the arbitrary way that they have got at it.

Mr. MCGIBBON: I do not think it is a bad way.

Mr. THORSON: Supposing you had the same case of forty per cent disability not divided fifty-fifty. Say 24 and 16; 24 pre-enlistment, and 16 aggravated. In that case the widow would not get anything?

Dr. KEE: No, but there is not such a thing as 24 and 16. They are multiples of five.

Mr. MCGIBBON: But you carry those cases on in the same ratio.

Mr. THORSON: Say 35 and 5, or 30 and 10.

Dr. KEE: That ratio would be continued, but the dependents would not be pensionable. Sometimes in reviewing the case we think the ratio was not right in the first instance. It may have been too much or too little.

Mr. McPHERSON: As far as the Board knows, if he is getting ten per cent disability, pre-war, and aggravation, 30, he could not reach a position where his proportion would get a pension.

The CHAIRMAN: It is the other way about. We understand now the system the Board uses in arriving at the value. Let us go on to something else; we must get through this evidence before recess if possible.

Mr. THORSON: I think if necessary we should sit in the afternoon.

The CHAIRMAN: We will sit in the afternoon in order to get through if necessary. There is one more section only, I think, Col. Thompson. What about that?

Sir EUGENE Fiset: I would like to know from the Board of Pension Commissioners, Mr. Chairman, if they have a clear idea of what the words "on service" or "service" means, themselves, in accordance with the present Act? Is it defined anywhere?

Col. THOMPSON: Yes.

Sir EUGENE Fiset: You have given us four kinds of regulations. You have given us the regulation passed by the War Measures Act.

The CHAIRMAN: They were all repealed.

Sir EUGENE Fiset: But not in 1919. They had the same force as an Act of Parliament. They were based on the Militia Pensions Act, and in that Act and also in the Militia Act the word "service" is defined. In 1919, 1920 and 1923 Acts were passed repealing those regulations. That is the sequel to this memorandum, and the result is that the word "service" is nowhere defined.

Mr. THORSON: "Service" is not defined in the present Act at all.

Sir EUGENE Fiset: That is what I say. The result is that there is no definition of the word "service" in the amendments that have been passed, and I think this has been one of the greatest handicaps under which the Board has been working.

Mr. MCGIBBON: Why is that?

Sir EUGENE Fiset: Because the first regulations were passed before the Board of Pension Commissioners was established. After that they prepared a new set of regulations that applied to the C.E.F., but the word "service" was not defined.

The CHAIRMAN: "A member of the forces" is defined. There is no necessity to define the words "military service" and the words "on service" are not used.

Sir EUGENE Fiset: But notwithstanding the fact that it is not defined, they use the term.

[Col. Thompson, and Dr. Kee.]

Col. THOMPSON: We do not pension a man because he was on service. You can imagine a person serving in the theatre of war; we do not pension him because he was on service there; we pension him because he was a member of the forces.

Mr. MCGIBBON: The result is that a lot of members of the forces never went out of Ottawa, and yet got better pensions than the fellows who went to the trenches. I think we should not overlook that.

Mr. PATON: In 1924, the Act was amended with effect from September 1919, and it says:

In respect of military service rendered during the war. and "during the war" is defined. It is military service during the war.

Sir EUGENE Fiset: So there was a definition of the words "military service"?

Mr. MCGIBBON: What is the definition of "during the war"?

Mr. PATON: Military Service during the war. The war is defined as meaning the Great War waged by the German Emperor and his allies, and the period is between the 4th of August, 1914, and the 1st day of August, 1921, both dates inclusive.

Sir EUGENE Fiset: When the first orders in council were passed, there was a fair gradation in the meaning of the words "military service". First of all it did not include the men serving here in Canada; they were not then part and parcel of the C.E.F., but afterwards they became so, and all troops serving here in Canada were part of the C.E.F. All this has taken place since 1923, when the word "military service" was defined in the Act.

The CHAIRMAN: We do not need it any more, because we now have "member of the forces," meaning any person who has served in the naval, military or air forces of Canada, since the commencement of the war. That includes men who had "cushy" jobs here.

Mr. MCGIBBON: It includes any one who got a uniform.

Mr. ADSHEAD: And the word "served" means "enlisted."

The CHAIRMAN: We do not need to define "military service". All we need to-day is to define "member of the forces." This is so broad that it takes in everybody.

Mr. MCGIBBON: When was that amendment made to allow them all in? In 1923, was it not? We fought that point out.

The CHAIRMAN: I think you will find that service in Canada was always included and there was a great difficulty in excluding from "service in Canada" a man who had office service.

Col. THOMPSON: They first contemplated actual service at the front, and then this disability matter cropped up, unfortunately by people who did not understand.

Mr. ADSHEAD: Do we clearly understand the distinction between "military service" and "active service" now?

The CHAIRMAN: There is no distinction though.

Sir EUGENE Fiset: We have a statement that the Act is badly drawn, and at the present time is nearly impossible to interpret.

Mr. MCPHERSON: What was said was that the last amendment to this clause was the only one that was proper.

Sir EUGENE Fiset: I understood exactly the contrary.

Col. THOMPSON: I would suggest that we act now, because we know where all the ambushes are.

[Col. Thompson, and Mr. Paton.]

Mr. ARTHURS: If you know where all the ambushes are, will you give us the benefit of your knowledge?

Mr. McPHERSON: We are finding a lot of them.

Col. THOMPSON: As to suggestions, I find it difficult to make any. If the members of the Committee will tell us what they want done, I think we can put it in shape.

Mr. McPHERSON: I do not think it is a matter for the Commission to make suggestions. One question is this: Do you want to continue pension for aggravation if the man dies as the result of the same disease?

Col. THOMPSON: That is not difficult to provide for.

The CHAIRMAN: When we have our discussion, we will find out whether the Committee desires to do certain things, and I suggest that we then call in Col. Thompson, and he will put our suggestions in shape.

Mr. MACLAREN: We should know what all this involves as to cost. Could we not have a statement of that?

The CHAIRMAN: We will be asked that in the House, but it is very difficult to state the amount involved until the Committee decides in principle just what suggestions they will accept. When we have done that, we can send for the officers and see what it will amount to. Are there any further suggestions on clause 11? If not, we will return to clause 1.

Col. THOMPSON: The first suggestion is as to section 2, subsection (a):

1. That section 2, subsection (a) of the Pension Act (Revised Statutes of Canada, 1927) be amended to provide that "appearance of the injury or disease" shall include the reappearance or recurrence of an injury or disease which had been improved sufficiently to permit the member of the forces to serve in a theatre of actual war, or has been so improved as to have removed the resultant disability.

This re-introduces the original interpretation in the Act of the definition of the words "appearance of the disability," combining it with the amendment of 1920.

I am not prepared to say that the observations I am going to offer are comprehensive and include all cases; it may be more far-reaching than my observations go, but the effect of the proposal, so far as I see it at the present time, is to admit to pension a widow whose marriage takes place after this proposed amendment becomes law and whose husband had, during service, returned to the theatre of actual war and was discharged with a disabling condition which, up to the date of marriage, had been stationary. For instance, if a man with 100 per cent tuberculosis came back from France, and then was awarded, fit or unfit, as the case might be, but actually reached a theatre of war, on discharge such man granted either a 10 per cent pension or a 100 per cent pension up to date, if he marries subsequently and dies of that condition his widow is not pensionable. Under the suggested amendment, should it become law, if a man was discharged under the conditions I speak of, and then marries, his widow would be entitled to a pension.

At present under the Statute, if such widow marries after September 1, 1920, she would not be entitled to a pension on the grounds that the marriage had been contracted subsequent to the appearance of the injury or disease.

For example, a soldier is evacuated to England during the war on account of a heart condition and subsequently returns to a theatre of actual war. He is discharged with a pension at the rate of 10 per cent. He marries. After the proposed amendment becomes law when in receipt of a pension at 10 per cent for heart condition; he dies, his widow would be entitled to pension on the ground that he returned to a theatre of actual war and that the injury or disease resulting caused death.

[Col. Thompson.]

In other words, an alternative qualification is created, namely:

1. Returning to a theatre of actual war; and
2. When treatment has removed the resultant disability, in place of the single qualification now statutory, namely, when treatment has removed the resultant disability.

The CHAIRMAN: Would that affect many cases?

Col. THOMPSON: I could not tell how many it would cover. It would cover any man, if he once returned from France, and then went back to France, pensioned, and who marries after the passage of the proposed amendment. If made retroactive, it would cover all such cases.

Sir EUGENE FISET: It would create a new class of pension?

Col. THOMPSON: Yes.

Mr. ADSHEAD: It says it was in the original interpretation of the Act.

Mr. PATON: Yes, up till 1920.

Mr. ADSHEAD: Why was it changed?

Dr. KEE: On the recommendation of the Parliamentary Committee.

The CHAIRMAN: We understand what it means. We could begin now on the tuberculosis section, but it is twenty minutes to one o'clock. We might in twenty minutes get through with the insurance man if he is here but I understand he is not here. There are only two suggestions for him, and we could dismiss him then. One is reopening it, the other is increasing it to \$10,000. Let us begin on the tuberculosis section. Colonel Thompson will take that up.

Col. THOMPSON: "That section 11 of the Pension Act be amended by the addition of the following provision:

That in all cases where a disease exists, recognized by responsible medical authority as being of slow and insidious onset and progression, and in which a possibility of service relationship exists, there shall be a conclusive presumption that such disease is attributable to or was incurred during the period of war service.

Provided, that this presumption shall be rebuttable by clear and convincing evidence.

That is No. 2 on the supplementary agenda of the Tuberculous Veterans' Section.

The CHAIRMAN: Originally it read:

There shall be a conclusive presumption, but it was changed to *prima facie*.

Mr. BOWLER: May I point out that the entire suggestion was redrafted. I gave Dr. Kee a copy of it.

Mr. THORSON: It is in the record now.

The CHAIRMAN: Have you got it before you, Dr. Kee.

Dr. KEE: Yes, sir, I have it before me.

The CHAIRMAN: In what way does it differ from the other; can you explain that to the Committee, Mr. Bowler?

Mr. McPHERSON: Have you the suggestion, Mr. Chairman, which was redrafted?

The CHAIRMAN: It is on page 141 of the proceedings.

Mr. BOWLER: The original suggestion was that in all cases of slow or insidious origin there shall be a *prima facie* presumption of relationship. The amendment goes farther and says that there shall be a *prima facie* presumption based upon responsible medical opinion that such disease is attributable to, or was incurred during the period of war service.

Mr. THORSON: The amendment is confined to tubercular diseases.

[Col. Thompson, Dr. Kee, and Mr. Bowler.]

Mr. BOWLER: It applies especially to tuberculosis cases but now there is a recommendation at the end that the same procedure be applied in other classes of cases.

The CHAIRMAN: Col. Thompson would like to look it over, in order to get a more accurate idea of it. What about No. 3?

The CHAIRMAN: Is No. 3 the same?

Col. THOMPSON: No. 3 says:

That the final clause of section 24, subsection 3 of the Act which reads: "and that the provisions of paragraph *b* of this subsection shall not apply if the disease manifested itself within a period of three months after enlistment."

be cancelled and the following substituted:

and that the provisions of paragraph *b* of this subsection shall apply when tuberculosis was not definitely diagnosed within ninety (90) days after enlistment, when the man saw ninety (90) days continuous service.

With regard to that, I may say, Mr. Chairman, that there are many men in hospital suffering from tuberculosis and almost from the day they went in it was known definitely that they had tuberculosis and what the disease was, but there was no actual entry on any of their documents stating tuberculosis, although it was well-known that they had tuberculosis. In many cases it would not be until they were almost ready for discharge that tuberculosis would appear on their service documents. Now, this suggestion would cover all such men even if they broke down within a day or two, because, according to the suggested amendment, there was no diagnosis made, while the diagnosis was known, and it was known what they were suffering from. While in all probability it was diagnosed, actually there was no entry on any of the documents and therefore there is nothing to show when it was diagnosed, until the men were ready to leave the hospital. The result would be that practically every man who broke down within the period—I may say every man—of ninety days would come within the provisions of the Statute, giving him 90 per cent.

The CHAIRMAN: Any questions upon this point?

Sir EUGENE Fiset: At present it is three months?

Mr. PATON: Yes.

Col. THOMPSON: The proposition now is, that unless it was diagnosed within three months, as I pointed out, in the vast majority of these cases, the disease was diagnosed, but there is nothing on their documents to show that it was diagnosed. Nothing appeared on the documents, until long after the three months had passed.

Dr. KEE: The whole proposition is that it might be called bronchitis, or it might be called a chest condition, or it might be called anything. This would mean that tuberculosis would have to be actually diagnosed.

The CHAIRMAN: The clause really restricts the Act?

Dr. KEE: No, it opens it.

Mr. MCGIBBON: I remember very distinctly that in 1920 the Committee got the Government to create a place especially for clearing up these diagnoses. That was after a very exhaustive inquiry. I do not see how you can apply this now unless you eliminate the whole section of the Act.

Sir EUGENE Fiset: That is the reason why we said to strike it off. I have it struck off here.

The CHAIRMAN: The next is section 4.

[Col. Thompson, and Dr. Kee.]

Col. THOMPSON: Section 4 has already been discussed.

That section 26, subsection 1, be amended to provide that a pensioner, totally disabled, whether entitled to a pension of Class one or a lower class and not in hospital, and shown to be in need of attendance, shall be entitled to an addition to his pension, subject to review from time to time, etc.

Mr. MACLAREN: Suggestion 17 of the Legion.

Sir EUGENE Fiset: That is all, with the exception of one and two, which refer to Pensions.

The CHAIRMAN: Have we time to go on with the Army and Navy?

Col. THOMPSON: No, that is quite long.

The CHAIRMAN: We had better adjourn then. Before we adjourn, I may say I have received a letter from Lieut. Col. L. R. Lafèche, Dominion First Vice-President of the Canadian Legion of the British Empire Service League dated at 125 Queen street, Ottawa, March 24th, 1928. which reads as follows:

May I take the liberty of advising you that the Canadian Legion of the British Empire Service League maintains a National Service Bureau at the above address, for all veterans, and their dependents whether or not they are members of the Legion.

Advantage has been taken of the facilities so made available by a very large number of persons residing in Canada as well as in the British Isles, and Europe, the United States, and other parts of the world.

The Branches of the Legion in Canada, particularly and Soldiers' associations in other countries act as correspondents which has made of the bureau the very centre of advocacy and representation of cases and questions affecting the interests of returned soldiers.

In the hope that you and the gentlemen of your Committee might wish to visit the bureau, I have the honour, on behalf of the president and the members of our Dominion Executive Council, to extend a cordial invitation to inspect and to observe, at any time it may be convenient to you, and to the Committee, the work being done by the officials of the Bureau.

Witness retired.

The Committee adjourned at 12.45 a.m., until Tuesday March 27, 1928.

TUESDAY, March 27, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power presiding.

C. P. GILMAN recalled.

The CHAIRMAN: What is your position, Mr. Gilman?—A. Adjustment officer, of the Tuberculosis Section of the Canadian Legion. I beg to make a statement in regard to a misunderstanding which occurred yesterday. It is in reference to suggestion 3 of the Tuberculosis Veterans' Section of the Legion which reads as follows:

3. that the final clause of Section 24, subsection 3 of the Act, which reads: 'and that the provisions of paragraph (b) of this subsection shall not apply if the disease manifested itself within a period of three months after enlistment' be cancelled and the following substituted:—'and that those provisions of paragraph (b) of this subsection shall apply when Tuberculosis was not definitely diagnosed within ninety (90) days after enlistment, when the man saw ninety (90) days continuous service.

Yesterday some members of the Committee were of the opinion that this clause was struck out. Sir Eugene Fiset said the clause was struck out and no comment was made. As a consequence there was no discussion.

As a matter of fact there was a most extended discussion of the proposal on its merits, and we feel that the question is a vital one. We want to ask you to let this clause remain in.

We have the case cited by Dr. Parfitt, of the Tuberculosis Consultant's Board, and I would like to read a sentence from the report of the Committee on Helplessness Allowances:

It seems reasonable that in the majority of cases, little damage can be done in three months or under, but in exceptional cases it appears to be true that great damage has been done, viz. as in the case cited by Dr. Parfitt, and we believe that these cases, after thorough investigation, demand special consideration.

This is official, from the consultants' report of June, last year, in Toronto. The point we make is, that we would like to see ninety days put in the proposal as a definite time, rather than have a variable three months more or less, because we know that men cannot leave their employment, enter into army life, endure its hardships and then be limited to a period of three months.

I do not want to mention the names, but we have a case of a man who joined on May 5th, 1917, and saw service in Canada only. On the 10th of June, 1917, he had the flu; he thought so, but we found that it was bronchitis. He was laid up for nine days, and was discharged and sent back for duty on the 19th of June, 1917. He carried on satisfactorily until April 14, 1918, which was ten months afterwards, when he had the grippe for ten days. He was admitted to the hospital on the 14th of April, 1918, suffering from grippe. He went back to duty until September, 1918, when his case was diagnosed as tuberculosis. There are a number of these cases, and we feel that unless some-

[Mr. C. P. Gilman.]

thing is done, an injustice will be meted out to these men. We feel that tuberculosis can appear within three months, and that in cases where tuberculosis does not appear within three months, an entry in a document of bronchitis should not be construed as evidence of tuberculosis unless there is absolute evidence of tuberculosis before the man enlisted.

This is the explanation I wish to make, Mr. Chairman.

Witness retired.

W. J. CALLAGHAN, called and sworn.

By the Chairman:

Q. Mr. Callaghan, you are the President of the Civil Service Association of Ottawa?—A. Yes, sir.

Q. Will you proceed with what you have to say?—A. The Civil Service Association of Ottawa looks after the interests of the civil servants in Ottawa, but at the same time we endeavour to look after the interests of the Service generally. Any matter that they consider, and any policy that they adopt, is framed, so to speak, so as to be beneficial to the service throughout Canada.

Mr. MCGIBBON: I would like to ask, Mr. Chairman, what bearing this has upon pensions?

The CHAIRMAN: Mr. Callaghan wrote us in the beginning of March, referring to some grievances of certain returned men who were in the civil service. We have authority to investigate returned soldiers' problems.

Mr. MCGIBBON: Has not this grievance been laid before the Committee with the grievances of the other returned soldiers?

The CHAIRMAN: The request was dealt with by the sub-committee, and it was decided to hear Mr. Callaghan.

WITNESS: We have a policy with regard to the Superannuation Act. One clause in particular I will quote. It is to the effect that periods of active service overseas in the military forces, or active service in His Majesty's Naval forces or other forces of His Majesty shall be deemed service within the meaning of the Superannuation Act. As an association, we have been endeavouring for some years to have this incorporated as an amendment to the Superannuation Act, and seeing that this Committee is dealing with returned soldiers' problems we felt that we might assist the returned soldiers as it were, by stressing this point before this Committee. Our amendment as you will observe, is very wide. It covers all returned soldiers who entered the civil service, and as a policy of the association, we had to make it as general as possible.

In no case has there been any objection raised to that policy; that is, that service overseas should count as service under the Superannuation Act. It has never been employed so far, or brought into existence so far, by the Government, but the trouble is perhaps chiefly that it might be divided into three sections; first, those who were temporarily in the civil service prior to the war, who went overseas, and returned to the service; second, those who were not in the service prior to the war, but immediately entered the civil service after the war, and third, those who have entered the service at some time since, or will enter within the next year, or in the years to come.

Now, in regard to the first group, those who were temporarily in the Civil Service prior to the war, and went overseas, I have a specific grievance from a number of employees who were employed as Dominion Land Surveyors.

By Mr. Black:

Q. When you say temporarily overseas, what do you mean?—A. I mean temporarily in the civil service, prior to going overseas. It is the grievance of

[Mr. W. J. Callaghan.]

the men employed as Dominion Land Surveyors that I wish to draw special attention to. They are perhaps, the most outstanding group. They were temporarily in the civil service, prior to going overseas, and through a ruling of the Justice Department, they have been prevented from having their period of war service considered as service under the Superannuation Act.

Now, the section of the Superannuation Act, dealing with that, is known as subsection 2, section 6, Part 1, of the Superannuation Act of 1924, which reads as follows:

"If the service of a contributor has not been continuous, the period or periods during which such service has been discontinued shall not be counted in computing the allowance; provided, however, that absence on active service in the Great War, whether with or without leave of absence, shall not be deemed a discontinuance of service."

In one particular case, the Department of Justice has ruled that employment like that of a Dominion Land Surveyor,—they were permanent and were employed during the season—should be regarded as permanent seasonal employment, that when a man enlisted in 1915, and severed his connection with the civil service, he is not entitled to count that period overseas, under the Superannuation Act. This affects 25 Dominion Land Surveyors who elected to come under the provisions of this Act. They claim that they were regarded as permanent seasonal employees at the time of enlistment, that they did not sever their connection with the civil service, but enlisted with the cognizance and approval of the Surveyor-General, and that their positions were held open in each case until they returned; that had they not enlisted, they would have enjoyed the benefit of that period of time. They also claim that other temporary employees on the outside service of the same branch were granted leave of absence with pay during their period of military service, and that they elected to come under the Superannuation Act, believing that their war service would count in full as in the case of other Government employees.

There is another peculiar feature in regard to this group of employees. I have a memorandum of the Surveyor-General to the Dominion Land Surveyors dated August 12, 1914, and signed by the then Deputy Minister of the Interior which reads as follows:

"Leave of absence with pay will be granted to any employee of this Department whether in the Inside or Outside Service, permanent or temporary, who is accepted for active service in defence of the British Empire during the present war, whether with British or Allied services."

What is meant by "temporary" there is that he was temporary or permanent before August 4, 1914. It is evident that this memorandum was intended to apply to all employees of the Department.

Since these men were working in the field at the time, they knew nothing of it, and made no application for leave of absence with pay. It is only during the last few months that they learned that such a ruling had been given, and therefore they would be very glad to secure the support of this Committee in obtaining a prompt recognition of their case by the Department and your support of the amendment to the Superannuation Act. This is all I have to say, I think.

By Mr. Ross (Kingston):

Q. What was the date of that memorandum?—A. August 12, 1914.

Q. They would be all in the field?—A. They would be all out in the field.

By Mr. Black (Yukon):

Q. It has been put up to the Government?—A. It has been put up to the Justice Department.

[Mr. W. J. Callaghan.]

By Mr. McGibbon:

Q. They are not excluded from participating in the Superannuation Fund, are they?—A. They are allowed to participate in the Superannuation Fund.

Q. But they want the war service to count?—A. They are not allowed to count the war service as a period, under the Superannuation Act.

Q. Will you give us some argument as to why they should?—A. If they had remained in the service at Ottawa, they would have received credit for that period.

By Mr. Ross (Kingston):

Q. Did you not mention that there were some who had received it?—

A. Yes, those who remained in the Department.

By Mr. Black (Yukon):

Q. Who did not go?—A. Who did not go.

By Mr. Ross (Kingston):

Q. And some who did go to the war?—A. Yes, and those who made application for leave received it.

By Mr. McGibbon:

Q. These men are bowled out on a technicality?—A. Yes.

By Mr. McPherson:

Q. Were all permanent civil servants on the staff prior to the war allowed for their time on war service?—A. Yes, and they were allowed pay as well up to the end of October, 1917.

Q. You are also asking, according to your proposed amendment, that a man taking service with the Government in 1920 after the war, if he served overseas, would also be allowed that time, are you not?—A. Our amendment is very wide; yes.

Q. You are, are you not?—A. Yes. We cannot very well draw a distinction.

Q. Does not the civil service have to pay something towards the Superannuation Fund?—A. They have to pay 5 per cent of their salary. These men are all willing to contribute for the time they were over. They are all willing to contribute on the initial salary at which they entered the service. If they entered the service in 1918 at \$1,200 a year, they are willing to pay 5 per cent on the \$1,200 back over their years of war service.

Q. With the man who enters now, what do you intend to do?—A. Well, we have to draw the line somewhere.

The CHAIRMAN: Personally I think you have a fairly good case for the man who entered the Civil Service and served before the war.

Mr. MCGIBBON: There is this to be said about them that they drew double pay during that time.

Mr. SPEAKMAN: These men affected by the amendment did not draw double pay.

By the Chairman:

Q. To draw double pay, did you have to make an application to the Government before enlisting?—A. Yes, and you had to be permanent in the service, before the outbreak of the war.

By Mr. McGibbon:

Q. Where do you suggest drawing the line?—A. It is pretty hard for the association, among so many returned men, to draw the line anywhere. I have divided them into three classes or categories; first, those who were temporarily

[Mr. W. J. Callaghan.]

in the service prior to the war; second, those who immediately on demobilization entered the civil service, and third, those who have entered the civil service since.

Q. In your own mind you have an idea that there is a differentiation of classes?—A. It is quite evident.

By Mr. McPherson:

Q. Why do you make a distinction between the men who entered the service immediately after demobilization and the men who have entered since? If all entered after demobilization there is only the distinction of time?—A. Yes.

Q. You would have to show that demobilization applications or appointments ceased at a certain fixed date, and after that those who entered since?—A. Perhaps the Government had previously re-established these men in some other line of work. A man might have passed a competitive examination and entered the service this year; but he might have been re-established since the war.

Q. Have you or your Association arrived at a period which marks the distinction you make between the two classes?—A. No, we have not.

By Mr. McGibbon:

Q. Do you not think a fair standpoint would be the standpoint that the banks and other institutions in the country adopted?

The CHAIRMAN: What was that, Mr. McGibbon?

Mr. MCGIBBON: All those who were in the employ of a bank were allowed, and anybody who came on the bank's staff afterwards was not allowed.

WITNESS: The outstanding men are those who were in the service, prior to the war and those who entered the service afterwards.

By Mr. Ross (Kingston):

Q. Were any of the geodetic men out, and did not know anything about this?—A. I am not sure.

By Mr. McGibbon:

Q. As far as the land surveyors are concerned, is it not a fact that they were largely private practitioners, employed in temporary service for the Government? I know I handled some applications, and they got a job temporarily and then went back to the road.—A. I have a list here of thirty-eight men, most of whom are in the service yet.

By Mr. Black (Yukon):

Q. I would imagine that those who have been accepted by the Department as eligible to enter into superannuation, would be accepted by them as permanent seasonal employees; is that correct?—A. Permanent seasonal employees, yes.

Mr. MCGIBBON: But there were some of those on one year, and off in another, and the Government was trying to scatter them around.

By Mr. Ross:

Q. They have a number who are superannuated every year?—A. The men I have in mind here are mostly all in the service to-day as Dominion Land Surveyors, including those that are returned soldiers, and those that are civilians.

By the CHAIRMAN: Q. You have no instructions to present any grievance on the part of any class of civil servants, except the Dominion Land Surveyors?—A. We would like, as an association, to stress the point of the returned soldiers' interests.

[Mr. W. J. Callaghan.]

Q. But, have you anything special about the others to put before us?—
A. We have not taken that up.

By Mr. MacLaren:

Q. Are these surveyors still non-permanent?—A. They are permanent employees. Most of them are at headquarters in Ottawa here.

Q. And paid for twelve months in the year?—A. Yes.

By Mr. Gershaw:

Q. The reason for their not qualifying was their failure to make application before they enlisted? Is that the only reason?—A. That is about it. I do not like to say whether that is the only reason—but, I guess that is the only reason.

By Mr. McPherson:

Q. Was there not another reason that as temporary employees they would not come under the superannuation at all, prior to the war?—A. Well, temporary employees would not, but they have since become permanent, and there was no superannuation prior to the war.

By Mr. McGibbon:

Q. What is the policy of the Department, not speaking of war services, but as to people going on as temporary employees, and who afterwards are made permanent?—A. If they have a long period of temporary service, they are given credit for it or part of it without payment. If they want to pay for the whole temporary period, they must contribute their arrears at the rate of 5 per cent.

Q. For the whole temporary period?—A. Yes.

By Mr. Adshead:

Q. Are there many classes in the temporary service of the Government who have been there for say, fifteen years, and will not be classed as permanent employees?—A. Yes.

By Mr. Ross (Kingston):

Q. You are representing which branch of these men?—A. Most of them are members of my association.

Q. You call your organization what?—A. The Civil Service Association of Ottawa.

Q. Could we have one of these fellows come up here and tell us about it? I am not discrediting what you say, but we would like to have some direct evidence from one of the men concerned?—A. Yes, there is a gentleman here now, Mr. Waugh, who is perfectly familiar with it.

The CHAIRMAN: We will hear Mr. Waugh at once, then.

WITNESS: There is just one point: these men over this period of four years—they are paying arrears on their temporary service of five, six, or seven years. And when they are paying this interest, this period of war service has been counted. They have to pay interest over this period of war service on their arrears. That means a considerable amount.

By Mr. Adshead:

Q. That is, they are paying dues for the time they were in the war?—A. Yes.

Witness retired.

B. W. WAUGH called and sworn.

By the Chairman:

Q. Will you make your own statement, Mr. Waugh?—A. We were employed, I believe, under the appointment of the Minister. The appointment was by the Minister, under the Dominion Lands' Surveyors Act. We were employed on a daily rate of pay, employed from year to year. Perhaps we would not get a full year in; perhaps we might get two or three months off during the winter, as an off-season. For example, in my own case, I can give you some exact dates: From December, 1912, until June 21, 1915, I had not a break of a day in my employment. I enlisted on July 1. At the time of my enlistment I had been assigned a definite service for the following season, so that there was no question of my employment continuing. I was demobilized on the 29th of March, 1919.

By Mr. Ross:

Q. When did you enlist?—A. On July 1, 1915. And, I was demobilized on March 29, 1919, and returned to employment in April, 1919. I have had continued seasonal employment since then until we were blanketed in as permanently employed in April, 1921.

By Mr. McPherson:

Q. Where were you immediately prior to your enlistment?—A. I was in Ottawa, making up my returns. I had been out on field work and had finished up what we call a field job, and I had finished up my returns of that survey before I enlisted.

Q. When did you first learn of the provision that by applying for leave of absence you might have bettered your position?—A. About three weeks ago. I was looking through some old files to get some information. I had permission to enlist, but it was verbal. In my own case, I went to see the assistant surveyor-general and asked him if it would be all right to enlist. He said "yes it would."

Q. In what form was that regulation made that you discovered three weeks ago, and how was it published?—A. It was on a file in connection with soldiers getting military leave.

Q. Who published it? And how would the public know it?—A. The public would not know of it. It was a memorandum.

By the Chairman:

Q. Have you a copy of it here?—A. I have a copy.

By Mr. McPherson:

Q. What provision was there whereby a man in your position could learn of that at the time it was published?—A. There was no provision.

By Mr. Gershaw:

Q. You were not notified?—A. No, we were not notified.

By Mr. McPherson:

Q. Was it not published in the *Gazette*?—A. It must have been. It was included I suppose, in the Order in Council.

By Mr. McGibbon:

Q. Was there an Order in Council?—A. Yes. This memorandum to the Surveyor General was based on that Order in Council.

By Mr. Ross (Kingston):

Q. No one would see it if they did not read the *Gazette*. Where were you surveying, what was your section?—A. I had finished my last survey at Port Nelson. I did not know the war was on until I came out.

[Mr. B. W. Waugh.]

Q. Have you made application to the Department?—A. For what, sir?

Q. For this that you are asking us to get for you?—A. We have prepared a memorandum.

By Mr. McGibbon:

Q. If you make your application now, could it not be made retroactive?—A. I asked that, but I was told they could not possibly do anything, although that was not very official.

By the Chairman:

Q. Who turned it down?—A. Mr. George Purvis. He did not turn us down. I asked him, if we applied for leave now would we get it. He said he did not think they could do anything.

Q. Who told you that you could not profit by the same conditions as the other men who had made their application? Did anyone tell you?—A. Do you mean in regard to superannuation?

Q. Yes?—A. It is a ruling from the Department of Justice.

By Mr. Ross:

Q. Who submitted it to you?—A. The Finance Department.

Mr. MCGIBBON: The law might be changed on which that ruling is based, and that would bring them in.

By the Chairman:

Q. Who signed that opinion?—A. The Deputy Minister of Justice.

Mr. MCGIBBON: They cannot fairly exclude them on technicalities. These boys were not thinking of these things when they enlisted; they were like the rest, going over to fight.

Mr. MCPHERSON: It would appear as if this question had come up very recently.

The CHAIRMAN: Here is the whole point. I have before me the ruling of the Department of Justice in the case of a Mr. Wadlin. This need not be taken down.

(Opinion from Department of Justice read).

Mr. ROSS: I do not see on what they base that ruling.

Mr. MCPHERSON: They have given an opinion on the strict interpretation of the Statute.

The CHAIRMAN: Their opinion is that the law does not cover this case. We might make a recommendation. They take the ground that he severed his connection with the Department, and I suppose technically, he did.

Mr. MCGIBBON: I do not think that is the point. Is not the point that his temporary service was finished, and he was a free agent, and would be until he was re-appointed. But, during the interval, he enlisted and served in the war.

The CHAIRMAN: We might reserve this for discussion in camera, and if we think it is a matter that should be remedied, we can make a recommendation.

Mr. ROSS: But the Department said that leave of absence with pay would be granted to any employee of the Department to enable him to enlist.

Mr. THORSON: But these men did not ask for leave of absence, because they did not know it was necessary to do so.

Mr. BLACK (Yukon): It seems to me there is a question whether his employment had ceased.

The CHAIRMAN: If the Committee wishes to discuss the question now, it will be as well to incorporate this document in the record:

OTTAWA, January 12, 1925.

2034/24

SIR,—I have the honour to reply to your letter of the 17th ultimo submitting, for a ruling, the question of whether Mr. L. N. Wadlin's period of active military service overseas from 1915 till the end of the war may be counted for the purposes of the Civil Service Superannuation Act, 1924.

It is stated that from 1908 to 1914 Mr. Wadlin was a permanent officer of the Topographical Surveys Branch. He resigned this position on April 2, 1914, to take a position as Dominion Land Surveyor's assistant on a survey party, and was so employed during the seasons of 1914 and 1915. He was appointed to the latter position by the Minister of the Interior, and his status appears to have been that of a temporary employee, although he was permitted to return to duty from year to year, and was in that sense regarded as a permanent seasonal employee. After the completion of his field work in 1915, he enlisted and was on active military service throughout the balance of the period of the war. When it was learned that Mr. Wadlin would return from overseas in July, 1919, he was appointed, with the sanction of the Civil Service Commission, to the position of assistant to J. A. Fletcher, D.L.S., who was placed in charge of a party on base line surveys in the north, but it was afterwards learned that Mr. Wadlin's physical condition would not permit him to undertake the hardships of this work, and he was accordingly given an appointment, under the certificate of the Civil Service Commission, on the staff of the Geodetic Survey.

Since it thus appears that Mr. Wadlin severed his connection with the Service when he enlisted in 1915, I am of the opinion that his period of military service overseas cannot be counted for the purposes of the Civil Service Superannuation Act, 1924.

I have the honour to be, Sir,

Your obedient servant,

(Sgd.) W. STUART EDWARDS,

Deputy Minister of Justice.

By Mr. Adshead:

Q. You said you asked a superior officer if it would be all right for you to enlist?—A. Yes.

Q. What did you mean by "if it would be all right"?—A. I meant, would it be satisfactory to him, to his service, to the Branch that we were working for.

Q. Did you mean that your service should be severed at once, or was it understood when he said "yes" that you would be continued? Or what did you understand?—A. Well, I understood by that that if I enlisted now, I would be employed when I came back, that I would not be breaking my connection with the Department.

Q. That your connection would not be severed?—A. Yes.

Q. And your superior officer said "yes"?—A. Yes.

The CHAIRMAN: Are we through with this, then? Do we understand it?

Mr. McPHERSON: Yes.

The CHAIRMAN: We have Mr. White here, of the Insurance Branch, and I think we can get through with his evidence before the adjournment.

Witness retired.

[Mr. B. W. Waugh.]

JOSEPH WHITE called and sworn.

WITNESS: I am chief of the Returned Soldiers' Insurance Branch of the D.S.C.R. I have prepared a statement with regard to some of the suggestions made in the various resolutions, and with the permission of the Chairman and the Committee, I will read it. (Reading):

OTTAWA, March 14, 1928.

During the first year of operation of the Returned Soldiers' Insurance Act 1920-21, policies were issued without regard to the condition of health of the insured. In the second year of operation, 1921-22, a selection of risks was made but this selection operated only to refuse deathbed applications and, therefore, a number of greatly impaired lives were accepted. In July of 1922 an amendment to the Act was passed on the recommendation of the Parliamentary Committee on Soldiers' Affairs. This amendment excluded gravely impaired risks among the men without dependents, but accepted all risks among men with dependents to January 1, 1923. After January 1, 1923, provision was made to exclude seriously impaired risks among applicants who had no pensionable disability even though such applicants had dependents.

The effect of the restrictions is now shown on the business issued during the various periods. The table below shows the policies issued by fiscal years and the deaths occurring among each group of policies, deaths being shown for period from date of issue of policy to March 31, 1927.

<i>Policies Issued.</i>	<i>Death Rate Per Year.</i>
1920-1921..	17.4 per thousand
1921-1922..	14.64 "
1922-1923..	12.7 "
1923-1924..	7.24 "

The normal death rate at age 35 is 8.77. It will be noted, therefore, that the death rate to present date on the policies issued during the period 1922-23, when the restrictions were in full force, was lower than the normal death rate.

The difference in the loss is also shown in the average value of a policy becoming a death claim. In the policies issued for the fiscal year 1920-1921 the average death claim was for an amount of \$3,312, while for the policies issued 1922-23 the average claim was for \$2,106.

The yearly death rate per thousand lives insured on the policies in force is as follows:—

1920-21..	13.9 per thousand lives (six months only).
1921-22..	23.52 "
1922-23..	16.43 "
1923-24..	10.75 "
1924-25..	10.82 "
1925-26..	8.63 "
1926-27..	10.95 "

That was on all the policies that were in force in those particular years. (Reading):

The Actuarial Valuation shows an increasing deficit from 1920 to 1925. At the latter date the deficit on an Actuarial Basis was \$1,309,074. During the years 1926-1927 the deficit was reduced and at March, 1927, the deficit was \$1,179,787. The reduction in the deficit during these two years was \$129,287.

(Mr. Joseph White.)

It is apparent, therefore, that after the restrictions placed upon the Act in July, 1922, became operative that the losses incurred on Soldiers' Insurance were greatly reduced and that a slight gain on operation was earned. There appears reason to consider, therefore, that if Soldiers' Insurance was reopened under similar conditions to those which were operative when the Act closed an improvement in death rate might be expected. The restrictions placed upon the Act did not apparently reduce to any great extent the availability of the Insurance as of the 27,617 policies remaining in force as at March, 1924, 14,025 were issued during the fiscal year, 1923-24, after the restrictions were in full force.

Section 10 of the Returned Soldiers' Insurance Act provides that when a pension is payable to the dependents of the insured, the capitalized value of such pension shall be deducted from the insurance payable. It is provided, however, that if the beneficiary of the policy is the wife or children of the insured, an amount of \$500 is payable, together with the return of premiums paid on the insurance cancelled, with compound interest at the rate of 4 per cent. If dependents are other than wife or children, then no \$500 is payable, but the premiums with interest at 4 per cent are returned. It is further provided that if the beneficiary is the wife of the insured and pension is awarded to any other person and not to the wife, the insurance is payable in full.

By Mr. McGibbon:

Q. Would you explain that about the parents? You say that if the insurance is payable to the parents the capitalized value of the pension shall be deducted. Did I hear you aright?—A. If the beneficiary of the policy is a parent, and pension is awarded to the parent, there would be no insurance payable at all.

This affects many cases where the insured married after the appearance of his disability.

I am referring there to the latter paragraph.

By the Chairman:

Q. Will you repeat the latter paragraph or the part that you refer to?—A. Yes, it is this part: (Reading):

It is further provided that if the beneficiary is the wife of the insured, and pension is awarded to any other person, and not to the wife, the insurance is payable in full.

Then I continue. (Reading):

This affects many cases where the insured married after the appearance of his disability, and his death was due to service, as pension is awarded to his children and insurance is paid to his wife. From September, 1920 to January, 1928, the total amount of insurance cancelled by the operation of Section 10 of the Act was \$938,900; about one fifth of the total claims.

The longer period the policies are in force, Section 10 of the Act affects such policies to a less extent, as more premiums are paid which, with the compound interest, helps to compensate for the insurance cancelled. All policies have now been in force for at least 4½ years, and therefore, a much larger amount is payable on settlement, than was the case when the policies were being issued.

J. WHITE,

Chief, Returned Soldiers' Insurance Division.

[Mr. Joseph White.]

By Mr. Thorson:

Q. What is the first proposal there, is it to have a further period of one or two years?—A. I think that is pretty well covered by the statement.

By the Chairman:

Q. Generally speaking is there any objection to it on any ground of public policy?—A. Provided that it is under the restrictions, the indications of the experience would show that loss would not be expected. Actuarially we are now not providing for any loss. We are carrying on on the normal death rate.

By Mr. Ross:

Q. Is that actuarial deficit due only to the mortality rate?—A. Yes, due to the excess mortality rate in the first years of the insurance.

By Mr. Adshead:

Q. What was the original estimate of the death rate?—A. Approximately about \$4,500,000.

By Mr. Thorson:

Q. Was not that the estimate of the loss?—A. That was the actuarial estimate made on the policies in force. There were only about 10,000 policies in force at that date, and the estimate was about \$4,500,000. I have the actual figures if you wish them.

By Mr. Adshead:

Q. It is lost now?—A. Yes.

Q. \$1,309,000, or one million and some odd thousand you gave us?—A. Yes.

By Mr. McGibbon:

Q. Is it at present self-supporting?—A. We are not taking into consideration the cost of administration in those figures. Outside of that, it is self-supporting on the policies that were issued after these restrictions were put in force, and I think it would be safe to say self-supporting on that basis.

Q. Is the country really doing anything whatever but paying for the administration?—A. Well, of course, there is that deficit.

Q. That is in the past?—A. Yes, but that is a deficit taken into consideration on the policies in force. The deficit will actually happen when everybody dies who was insured.

By Mr. Ross:

Q. Is the reduction from that one million due to the policies being wiped out?—A. Oh, no.

Q. What is it due to?—A. It is due to the fact, that the actuarial calculation was made on a very high death rate with the experience at that time.

Q. But that has dropped down to ten per cent, has it?—A. The deficit made by the actuary of \$4,500,000.

By the Chairman:

Q. I take it, that owing to the fact that you accepted all classes of cases at the beginning, the death rate was very high, and you then made your figures providing for a deficit of \$4,500,000?—A. I have really explained it here. The first valuation was made on a death rate of 17.4 per thousand. The one that is being made now is made on a death rate of about ten per thousand.

By Mr. Ross:

Q. And you say the highest you got was 23?—A. 23.

[Mr. Joseph White.]

By Mr. McGibbon:

Q. How many policies were cancelled?—A. Cancelled by lapse?

Q. For any and all causes?—A. There are now in force about 25,000 policies; and there were originally issued 35,000 policies. The highest number of policies we ever had in force at any time was 28,483 in March, 1924.

Q. How many have you to-day?—A. In March, 1927, we had 25,544.

Q. And how many death claims were paid?

The CHAIRMAN: I think probably Mr. White has a statistical table that might explain that.

By Mr. McGibbon:

Q. I should like to have this made clear to me now?—A. The number of death claims we have paid, to January 31, 1928, that is the value of the policies, was \$4,830,000, for 1,700 policies.

Q. Out of 1,700 policies. Now, out of the number of policies cancelled for one cause or another, how many were the Government instrumental in cancelling?—A. By cancelled, do you mean how many policies went out that are not payable to-day? I do not think I have the exact figures here, but we issued about 35,500 policies, and we have now 25,500, ten thousand policies all together.

Q. Is it fair to assume that these 10,000 are no good?—A. No, a large amount of these naturally are men who have allowed their policies to lapse, being unable to meet their premiums, unable to meet their obligations.

By Mr. McGibbon:

Q. How many policies lapsed because of these restrictions?—A. Well, we have hardly any policies at all that the men have voluntarily given up, except for economic pressure.

Q. These restrictions had no effect on the policies in force?—A. No. It only affected the policies in this way, that it kept out certain classes of cases.

Q. But for the future?—A. When the restrictions were on, 7,124.

The CHAIRMAN: We cannot say who would have applied for insurance.

Mr. McGIBBON: He could get the ratio from year to year, previous to that?

The CHAIRMAN: It was increased since the restrictions came on; the policies were increased since the restrictions came on.

Mr. McGIBBON: But the death rate has been decreased.

The CHAIRMAN: We do not know who would have applied for a policy, but was debarred from doing so, because we could not say who was going to die from day to day.

WITNESS: The restrictions were put on January, 1923, and the Act was only in force until September, 1923; the restrictions really did not become strictly operative until after January, 1923.

By Mr. Thorson:

Q. Anybody could come in up to January, 1923?—A. Not anybody. The men that were really kept out were the single men without dependents, who were dangerously ill or seriously ill; the married men have practically all come in.

By Mr. McGibbon:

Q. Who sat in judgment on this?—A. The medical advisers decided whether a man could be considered seriously or dangerously ill, in accordance with the Statute.

Q. What did they base that judgment on?—A. They based it on the medical examination of an officer or on the documentary evidence in the records.

[Mr. Joseph White.]

Q. That over-rides the principle of the Act which provides that no medical examination is necessary?—A. That was the recommendation of the Parliamentary Committee. Col. Thompson reminds me that the time was extended for one year. The original Statute provided that from September, 1920, to September, 1922, applications might be made; when the amendment was put through, the time was extended to 1923.

By Mr. Speakman:

Q. But during the time of the extension, it was extended with some restrictions?—A. Yes.

By Mr. McGibbon:

Q. There are certain reasons why there should be certain restrictions; for instance, people with 100 per cent disability from tuberculosis, would they come in on the insurance?—A. We are not insuring any at all. It all depended upon the health of the assured, and the question of his dependency. The single men without dependents with pensionable disability were left out.

Q. Of course the insurance never was intended for the man who was going to draw a pension for himself and his dependents?—A. No. That might be so but, it does not say that because a man had a pension, his dependents would draw a pension.

Q. It was supplementary to the Pension Bill?—A. Yes.

Q. There was a large class of cases which would not be pensionable?—A. Yes.

Q. How many of those would be cut out by your restrictions?—A. We have not cut out any that were insured.

Q. How many would be prevented from getting in?—A. We could not say, because they did not apply.

Q. What instructions do you give to your medical examiners, when you pass judgment upon these matters?—A. We ask them for their medical opinion.

Q. How many have you refused; there must be some way of getting at this thing?—A. I have not got the figures with me.

Q. I would like to have that?—A. Approximately about 600. I cannot give it to you exactly.

Q. Those were all refused on the one ground, that they were too seriously ill?—A. Yes.

Q. Presumably that illness was due to war service?—A. Oh, no. In a large number of cases it was not due to war service.

Q. Directly or indirectly?—A. Not due at all.

Q. Why do you say that? I am not criticizing, I am only asking for information. Six hundred boys ex-soldiers have been refused insurance, on what ground?—A. It is in the Act.

Q. I am not looking at the Act, I am looking at the ground upon which the medical men turned them down.

The CHAIRMAN: It is shown in the Act, in clause 2; an applicant with dependents, seriously ill, with a pensionable disability, application to be accepted. An applicant with dependents dangerously ill, with a disability that is not pensionable, application to be refused, and so on, a whole page of it. They have had explicit directions as to how they were to carry it out.

Mr. MCGIBBON: They were taking away from a man, that part of the insurance which was supposed to cover his illness or weakness due to service, weakened conditions, lack of resistance, and all that class of cases, which the Insurance Act was primarily brought into existence to cover. The whole principle of the Act has been largely annulled.

[Mr. Joseph White.]

The CHAIRMAN: It was done on the recommendation of a Parliamentary Committee.

Mr. McGIBBON: It was not part of the Pension Act when it was first conceived. I think probably the Chairman and myself had more to do with getting it through the House of Commons than anybody else; Mr. Nickle also. The Chairman will remember that that was the idea we discussed in the Committee, that there were certain handicaps placed upon the soldier through service, that he could not come under the Insurance Act through disabilities of one sort or another; he was the victim of weakness and disease.

The CHAIRMAN: The restrictions, as I think you will find by glancing over this table, were simply to prevent persons who were on their last legs so to speak. About to die, from taking advantage of the Act, and not to exclude the classes you refer to. I think that was the idea back of those who framed the Act of 1922. This is one of the provisions:

Provided that applicants with or without pensionable disability who are so seriously ill that they have no expectation of life, and who have dependents who are entitled to become beneficiaries under the contract as provided under the Act, shall be insurable under the Returned Soldiers' Insurance Act up to, and inclusive of January 1, 1923.

That is Section 2 of the Act to Amend The Returned Soldiers' Insurance Act, 1922.

By Mr. McGibbon:

Q. What was your experience with this death-bed type of insurance; what was the value you put on it during the years the Act was in force?—A. I have not got any figures with me.

Q. Surely you can present some figures to the Committee?—A. Personally I can get the figures, but I have not got them with me now.

The CHAIRMAN: Do not forget, Mr. McGibbon, that the Act, as originally passed, expired, we will say, in 1922, and an application was made on behalf of the returned soldiers to extend it. The Committee of that year, judged that they might extend it, but only with certain restrictions. That is the story of it.

Mr. McGIBBON: There is no reason why there should be any time limit in it.

The CHAIRMAN: But there is, in the Act of which you are so proud.

Mr. McGIBBON: Yes, but it was put in there against our will and wish. As a matter of justice, you cannot rule them out on a technicality.

By Mr. McGibbon:

Q. I would like to know how many death-bed claims were paid during the operation of the Act?—A. I can get that.

By Mr. Adshead:

Q. Have you a statement of the yearly income and expenditure?—A. Yes.

Q. What is your yearly income and expenditure?—A. I can give all these figures to the Committee. The balance of the fund on March 31, 1927 was \$5,090,041.62, the income to January 31, 1928 was \$1,153,010.78; the expenditure to January 31, 1928, was \$593,017.86, and the balance on January 31, 1928 was \$5,650,034.54.

By the Chairman:

Q. Would you be kind enough to give to the Committee in statistical form the details which you have prepared entitled Statistical Tables, for Parliamentary Committee of 1928, Returned Soldiers' Insurance?

[Mr. Joseph White.]

Mr. McLAREN: They should be printed in the record.

The CHAIRMAN: Read the headings.

WITNESS: "Policies issued by fiscal years. Deaths occurring for year of issue." "Table showing policies in force at end of each fiscal year and deaths occurring in each fiscal year." "Table showing cost of administration of Returned Soldiers' Insurance Division by fiscal year." These tables contain information with regard to surrenders, reduced paid-up insurance, extended term insurance, and extended term insurance terminated, and total policies on extended term insurance.

These tables contain disability claims admitted, terminated and reduced, and disability claims in force, together with policy value of death claims, total policy value, settled by cash payments or annuities, insurance and premiums paid under Section 10-RSI, Claims pending settlement, policies cancelled by Section 10, premiums returned and insurance paid, under Section 10, and net insurance cancelled, on the operation of the Act. These are to January 31, 1928. Then there is a statement covering lapses and re-instatements and income and expenditure.

The CHAIRMAN: Put it all in the record.

(Statistical records printed as addenda).

By Mr. McGibbon:

Q. I would like to ask a question; it has nothing to do with this. You will remember we had a discussion about a blind man carrying insurance, a man 50 or 60 years of age with no dependents, and converting it into an annuity. Was that ever allowed?—A. No, we have no endowment insurance at all; we have a cash surrender value. The cash surrender value at 20-year periods is based on the amounts paid approximately.

Q. What do you think about a blind man converting it into an annuity?—A. It is quite feasible.

Q. The man might become hard up?—A. The disability clause in the policy provides that one-twentieth of the face value of the policy becomes payable if the man becomes totally disabled. One of the peculiar features about it is that there is no age limit, no age restriction, with that disability benefit. That is the only one I know of like it. A man totally disabled at 70 would be paid. He is bound to become totally disabled if he lives long enough.

Q. We can imagine a case where a man would lose his income and might not be able to carry on comfortably; if he had a good insurance asset there, with nobody depending upon him, his wife and children dead, why should he not get an annuity?—A. He can take the cash surrender value and buy a government annuity, or he can authorize us to do so, to hand the cash surrender value over to the Government and obtain a cash annuity.

By Mr. Adshead:

Q. You are issuing no policies now to returned soldiers?—A. No.

Mr. ADSHEAD: Why is that?

Mr. MCGIBBON: The time limit has expired.

WITNESS: There is another point about the disability benefits. If a pension is payable to a man on his disability—

Mr. MCGIBBON: I do not think there should be any time limit.

The CHAIRMAN: But Parliament passed it.

WITNESS: If a man is 100 per cent disabled, and he does not receive a pension for the entire amount of 100 per cent, suppose he received 90 per cent pension, he is entitled to receive the disability benefit under the policy, as well as his pension. That is not generally understood. For instance, a man

(Mr. Joseph White.)

might have a leg off and get a pension for that, and get something else which would make him 100 per cent.

Mr. MCGIBBON: If that is not well understood, would it not be well to have that and any other information printed and sent out yearly, so that when they are paying their premiums they might know these things?—A. It is on the policies.

By Mr. Adshead:

Q. Did I understand you to say Mr. White that a man with a pension was not entitled to this insurance?—A. A disability benefit?

Q. Yes?—A. No. If a man is compensated for the entire amount of the disability in his pension he does not get any insurance.

The CHAIRMAN: It is a disability benefit.

By Mr. Adshead:

Q. I would like to get this clear. Here is a man receiving a pension for the loss of an arm, and he insures under this policy; do you mean to say that his wife will not draw that insurance?—A. Oh, yes, we are speaking about the disability benefit.

By the Chairman:

Q. If this Act were extended, have you any suggestions to make as to whether there should be any restrictions surrounding its extension?—A. The restrictions of 1922 seem to have been thoroughly effective. There was one of them which was a little wide open, as I pointed out; "provided that applicants, with or without pensionable disability who are so seriously ill that they have no expectation of life,"—that is, before the application for the issuing of a policy. That is the case of a man who knows he is going to die, but who has a pensionable disability. We must take the insurance and pay it, even if he insures a few days before he is going to die.

By Mr. Clark:

Q. Is that an amendment to the Act?—A. Yes.

Q. Running over a year?—A. Yes.

The CHAIRMAN: Provided he manages to live until his policy is approved in Ottawa. If he is living in Vancouver, he has not the chance a man in Ottawa has of getting it here in time.

By Mr. McGibbon:

Q. How would it work out in this case; suppose a man had arterio sclerosis; would he be turned down, supposing he had a fairly advanced case of arterio sclerosis?—A. I cannot speak on medical questions. We do not turn any man down, so long as he lives long enough for me to put my name on the application.

Q. I am speaking of the restrictions?—A. The medical men say whether he is seriously ill or dangerously ill.

Q. But on whose judgment?—A. The Board of Pension Commissioners have jurisdiction under this Act.

Q. Do they see the man, or do they judge by the papers?—A. They may see the man at the local office. They may have a full record from his documents; he may have been a pensioner for years.

Q. Is there any provision for appealing against these medical decisions?—A. No.

The CHAIRMAN: As long as this Act was in force, any man who had dependents, had every opportunity, even in his last moments, of coming under the Act, because under the Act of 1922, Class 3, applications from persons in so serious a condition of health that they have no reasonable expectation of life, describes how they were to be dealt with. They took him in, provided his application got here in time.

[Mr. Joseph White.]

Mr. McGIBBON: Provided he gets in.

The CHAIRMAN: Yes. Another case is an applicant without dependents so seriously ill from a disability that is pensionable that he has no expectation of life, his application is to be refused, that is, when he has no dependents. Another case is, an applicant with dependents, so seriously ill from a disability that is not pensionable that he has no expectation of life, is to be refused; that is, he is suffering from a disability not due to war service, or attributable thereto. Another is, an applicant with dependents, so seriously ill from a disability that is not pensionable that he has no reasonable expectation of life, his application is to be refused. So that if a man has dependents and has a pensionable disability, he could up to the very last moment get in.

Mr. McGIBBON: If he has dependents, and no pensionable disability?

The CHAIRMAN: He is shut out.

Mr. McGIBBON: I am against all these restrictions.

By Mr. Thorson:

Q. If the Act were thrown open again, what would be the effect of repealing the provisions of Section 10?—A. The effect of it would simply be this, if Section 10 had not been operative, we would have paid \$718,302 more insurance than we did pay. It is a financial question only.

By the Chairman:

Q. That would be the class of people who had received pension on account of death?—A. They would receive the double indemnity.

Mr. McGIBBON: You have to look at it on a broader plane than that. There are a lot of people whom these pensions do not begin to compensate. These pensions are based upon a man's lowest value in the labour market, and you are cutting out the other benefits the State provided.

WITNESS: The figure would be lower on these old policies we would pay a larger and larger proportion as the years go on, because the premiums are compounded at 4 per cent plus the \$500 which will be more nearly the face value.

Mr. SCAMMELL: These payments you speak of are payments under clause 10. Would that be the actual cash?—A. The actual cash paid including the \$500.

Q. So that had these policies been payable the amount would have been very much higher than the \$700,000?—A. No; that is the net amount.

By Mr. Thorson:

Q. That is the amount which it would have cost extra if Section 10 had not been there?—A. Yes.

Mr. McGIBBON: It is a mere bagatelle.

By the Chairman:

Q. What about the \$10,000 policies?—A. It might be interesting to know the average of the policies which we have issued. The highest was \$2,987. This is keeping in mind that they could have had \$5,000. The lowest is \$2,200.

By Mr. Thorson:

Q. Were there many that took up to \$5,000?—A. In the first years there was a much larger number than in the later years. Another thing, we have had very very few requests for \$10,000. I could almost say I could count them. I do not suppose we have more than twenty in the year that enquire for \$10,000.

By the Chairman:

Q. Is it because they know they cannot get it?—A. They ask for all sorts of things that they know they cannot get.

[Mr. Joseph White.]

By Mr. Speakman:

Q. I would like to ask you one question. I understand that on these policies which came into effect after the restrictions of 1922 came into effect no loss was anticipated on those that were segregated from the others?—A. Yes. On the experience of the death rate there was no loss.

Q. So that the reopening of the restrictions would have no effect, it carries itself?—A. It might in this way; we might get some of these fellows in very bad shape taking the \$10,000 and good fellows only taking \$1,000.

Q. I was not referring to requests for the maximum, but under the present conditions, say \$5,000. If it were extended on the basis of the later amendment, including the restrictions, from the figures you have available, it would not appear that there would be any loss?—A. No.

Q. We now know about the losses—we do not make any. So that there is no loss on the basis of the later Act as far as you can judge at the present time?—A. Yes, from our experience. We have, of course, requests every day for insurance. We have never ceased to have requests right from the time it started.

By Mr. McGibbon:

Q. What is the total cost of the administration of your department?—A. In 1927, it was \$42,317. That cost would not be appreciably higher. It would be increased but not much, just for the period of issuing the policies.

Q. There would be no increased deficit to the country?—A. Not according to our experience.

(Witness retired).

Co. JOHN THOMPSON, JOHN PATON, and Dr. JOHN KEE, recalled.

Col. THOMPSON: No. 2 is the only one that remains to be discussed—that is largely a medical question. I suggest that Dr. Kee give evidence on it.

Dr. KEE: Proposal No. 2 of the supplementary agenda submitted by the Tubercular Section of the Canadian Legion, Subsection 1, reads as follows:

That in all cases where tubercular disease exists in reference to which recognized sanatorium authorities, having access to all recorded facts and after clinical examination and observation have expressed an opinion that such disease is attributable to, or was incurred, or aggravated during service, it shall be considered that such disease is attributable to or was incurred or aggravated during such service.

This means that where tubercular disease exists, if any sanatorium authority has expressed an opinion that the disease was incurred on service, then, entitlement shall follow.

Paragraph 2, suggestion, that in any case where no such opinion has heretofore been expressed, there shall be reference to such sanatorium medical authorities or to such other chest specialists as may be agreed upon between the applicant and the Department, or Board of Pension Commissioners for the purpose of the preceding paragraph. This means that where no opinion has been expressed, a chest specialist shall be agreed upon by the applicant, and the Department or the Board, to decide on entitlement. In this case, also, a chest specialist is the one to grant entitlement. Further, with reference to paragraph 2 there is a supposition that the Department would agree or that the man would agree to the specialist to be chosen.

With further reference to paragraph 1, all that would be necessary for the man to do to obtain entitlement would be to go to any sanatorium and get a specialist to express an opinion. The same would apply to all insidious diseases. All the man would have to do would be to go to a specialist and have him

[Col. Thompson, and Dr. Kee.]

express an opinion that his condition was attributable to service, and then entitlement must follow without any further consideration. It really means setting up a pension board to be chosen by the man.

Mr. THORSON: The suggestion is redrafted and goes a good deal further than the suggestion as originally made.

Mr. ADSHEAD: Have we the redraft?

Mr. THORSON: In the original suggestion, there was no *prima facie* presumption of the disease, and whether it was attributable.

Dr. KEE: A conclusive presumption.

The CHAIRMAN: As to the redraft, see page 141 of the proceedings.

Mr. THORSON: They changed that to a *prima facie* presumption. The suggestion as redrafted makes it in your opinion obligatory on the Board to grant a pension once that medical opinion has been expressed?

Dr. KEE: Yes.

Col. THOMPSON: In my opinion, with regard to the evidence, *prima facie* evidence means entitlement in all cases; there is never any evidence in rebuttal.

Mr. THORSON: So you think it is just the same where provision is made for a *prima facie* presumption, that it is tantamount to entitlement.

Col. THOMPSON: It would mean entitlement in all cases.

The CHAIRMAN: Any other questions? The next is the Army and Navy suggestions.

Mr. THORSON: Were there not some other suggestions to be dealt with?

The CHAIRMAN: No, I think we have finished them all.

Col. THOMPSON: We finished them all with the exception of the matter that Mr. Gilman discussed to-day, but I had really said all I wanted to say on that point. Now, the Army and Navy suggestions. Suggestion 1 proposes to amend Section 51. That is a question of classification and I think that has already been discussed.

The CHAIRMAN: That is a matter of jurisdiction of the Federal Appeal Board, and that has been discussed.

Col. THOMPSON: Suggestion 2, amending Section 25, subsection 7 of the Pensions Act. Subsection 7 of Section 25 reads as follows:—

All payments of pension made subsequent to the time at which an award of fourteen per cent or under is made shall be deducted from the amount of the final payment: Provided that no deduction shall be made for the period prior to the first day of September, 1920.

The effect of the suggestion is as follows:—

- (a) If a man took a final payment of \$600 in September, 1920, he receives no further pension unless his disability increases.
- (b) If a man, say in September, 1921, that is a year later, took a final payment of \$600, if he received a pension during the years 1920 and 1921, amounting to \$100; then pursuant to the Statute, the sum of \$100 was deducted from the sum of \$600, and the amount of \$500 in cash was paid. That is what the Statute provides, that any payment made since September, 1920, shall be deducted from the final payment.

Then,

- (c) And here is the point about the suggested amendment. According to the suggested amendment, if a man since the 1st September, 1920, has received \$700 by way of pension, and now takes a final payment, he will be given the full amount, namely \$600 in cash; so that he would have his final payment, plus the pension for the past year; and.

[Col. Thompson, and Dr. Kee.]

every year that a man delays, under this amendment, in taking a final payment, would add a very considerable advantage to him, over one who took a final payment at an earlier date. Those that took payment at an early date, for instance, of possibly \$400 or \$500 deducted out of the \$600, they would otherwise be entitled to. Under this amendment, if a man now takes a final payment, he is going to get his final payment without any deduction. There is one class of man who, however, does receive a final payment in full if he decides to take it, and that is the man who has not received any pension, has never been entitled to pension, say, but, establishes his claim now for the first time. His pension will start say, six months prior to the date of application or from the date of application, under the present Statute, and he can at once say: "I will take a final payment." That is, provided he is in not higher than fourteen per cent. He can say, "I will take my final payment," and he will get his final payment without any deduction whatever, whatever the final payment amounts to, because as a matter of fact, he has received nothing in pension. I think that is all on that.

The CHAIRMAN: There is another suggestion though, is there not?

Col. THOMPSON: No, not on this.

The CHAIRMAN: There was another one of the Veterans, which, coupled with this, would permit the soldier to come in and go out and be making money every time.

Col. THOMPSON: Suggestion 3.

Mr. THORSON: And you said that suggestion would cost seven or eight million?

Col. THOMPSON: Yes, that would be the immediate payment and then there would be the annual liability on top of that. The next one is suggestion 3. This proposes to amend section 12, subsection (c). Section 12 reads. (Reading):

A pension shall not be awarded when the death or disability of the member of the forces was due to improper conduct as herein defined:

Provided—

Then (c) is the proviso in question—

That, in the case of venereal disease contracted prior to enlistment and aggravated during service, pension shall be awarded for the total disability at the time of discharge in all cases where the member of the forces saw service in a theatre of actual war, but no increase in disability after discharge shall be pensionable.

The proposition is that in the third line and beginning on the fourth line, the words "at the time of discharge" shall be deleted, and the following words substituted, namely, "within two years from the date of discharge." And then at the end of the proviso, all words after the word "war" shall be deleted, and the following added: "That in the case of venereal disease contracted prior to enlistment and aggravated during service, pension shall be awarded for the degree of aggravation of such condition which has become manifest within two years from the date of his discharge, where the member of the forces served in an actual theatre of war."

I have read those amendments, and the original Statute a number of times, and I cannot make any meaning out of the proposed amendment at all.

The CHAIRMAN: Would it not simply restrict the amendment, in regard to the origin.

[Col. Thompson.]

Col. THOMPSON: No. The first suggested amendment taking out the words "at the time of discharge" might have some meaning, although obscure but in conjunction with the balance of the amendment, it means nothing to me at all, absolutely nothing.

The CHAIRMAN: If it has manifested itself within two years, does that mean anything?

Col. THOMPSON: No. By itself it might, but when they have put it in the second part of the amendment there, the whole thing means nothing to me, or, I do not know what it means, and I have read it a number of times. I do not know what he intended the Section to mean. I am merely telling you that it means nothing to me.

Mr. BOWLER: Mr. Colebourne has an explanation from the man who proposed the amendment.

Mr. THORSON: At page 224.

Col. THOMPSON: I do not know what is intended by the thing, but it means nothing to me as written.

The CHAIRMAN: Mr. Bowler gave some suggestion of it. On page 224, under the heading of Captain Colebourne's suggestion, Mr. Bowler says that if the disease manifests itself within two years after discharge from the army it shall be pensionable.

Mr. Bowler: that is what I understood was intended. At the present time, it has to be manifested at the date of discharge to be pensionable. I think this proposal puts two years further on.

Dr. KEE: There has to be an aggravation on service at the time of discharge.

The CHAIRMAN: If the disease was aggravated, and manifested itself two years after discharge.

Mr. GERSHAW: Is he not speaking of locomotor ataxia, or of some nervous diseases?

Dr. KEE: We would see that was not aggravated on service, and then he would not be pensionable anyway, you see. If a man has syphilis in his blood, and if he gets out at the time of his discharge and there is no disability at all, even though he served in a theatre of war, there is no aggravation, and he does not get any pension. Now, if locomotor ataxia came on two years after, there would be no aggravation anyway, and he would not get any pension.

Mr. GERSHAW: That is the claim though that Mr. Colebourne made.

The CHAIRMAN: Has Mr. Colebourne anything to say on this?

Mr. COLBOURNE: No. In considering this suggestion, I would ask you to refer to No. 7 of the Canadian Legion's suggestions, and to say that after discussing the matter with the Canadian Legion, we think that No. 7 suggestion would cover all we want.

The CHAIRMAN: Then, that is disposed of, and we will pass to the next.

Mr. THORSON: That wipes out that suggestion?

The CHAIRMAN: Yes, that is dropped, and we can pass on to number 4.

Col. THOMPSON: No. 4 suggestion is to amend Section 13, proviso 1. Section 13 reads: (Reading):

"A pension shall not be awarded unless an application therefor has been made

and then the conditions are laid out in subsections (a) to (e). (Reading):

provided that where there is an entry in the service or medical documents of the member of the forces by or in respect of whom pension is being

claimed, showing the existence of an injury or disease, which has contributed to the disability in respect of which pension is claimed, such entry shall be considered an application as of the date thereof for pension in respect of such disability.

Under the present Statute and practice of the Board, where there is an entry on service, the service documents indicating an injury or disease, such entry is considered an application for pension, so far as the Statute of Limitations is concerned. And, if a man with such an entry is discharged fit and remains fit for many years, and then has a disability which is related to that entry on service, his claim is not barred under any of the provisions of subsections (a), (b), (c), (d), or (e). That entry entitles him to have his claim considered.

Mr. THORSON: Does he come within Section 27 (b) then?

Col. THOMPSON: Yes, I am coming to that. On the other hand, the Statute now provides that where a man is discharged fit and subsequently makes an application for pension, he shall be pensioned from the date of the application, or six months prior to such date. Under the suggested amendments, if a man were discharged fit, and as a matter of fact, was fit, and many years afterwards, applied for pension, he would be pensioned from discharge, although during the whole of that period in question, he had no disability.

Mr. THORSON: Do you mean that there is a uniform definition of applications for pension throughout the Act?

Col. THOMPSON: Yes. Briefly, under the present Statute, an entry on the documents of an injury or disease, is an application to prevent the Statute of Limitations applying, but it is not an application for pension under Section 27 (b).

Mr. THORSON: Is that a ruling of the Department of Justice?

Col. THOMPSON: It was the practice of the Board, and then it was requested that we submit to the Department of Justice, and they have ruled that.

Mr. COLEBOURNE: In that case, also, I think that we will be satisfied by Nos. 2 and 8 of the Legion's suggestions.

The CHAIRMAN: Then the next suggestion 5 has been covered by the Legion's suggestion. I think we have still time to deal with suggestion 6.

Col. THOMPSON: Suggestion 6 is intended to amend Section 45 of the Statute. The suggestions are very badly drawn, and the references are not all correct. It speaks of 46, but it is to amend Section 45, and turning now to Section 45.—

Mr. ADSHEAD: The figure "46" is wrong here.

Col. THOMPSON: Yes.

Mr. PATON: The figure "46" is taken from the old Act.

Col. THOMPSON: Section 45 is. (Reading):

"When a person of the rank of warrant officer or of a higher rank who was domiciled and resident in Canada at the beginning of the war has been awarded a smaller pension than he would have been entitled to under this Act for a disability incurred during the war in any of His Majesty's naval, military or air forces other than the naval, military or air forces of Canada, he shall, on resuming his residence in Canada and during the continuance of such residence, be entitled to such additional pension as will make the total of the two pensions received by him equal to the pension he would have been awarded in respect to such disability, had he been serving in the military service of Canada."

[Col. Thompson.]

I would call the Committee's attention to the fact that that section refers to those of the rank of warrant officer, or higher rank. Many officers and men who lived in Canada prior to the war, served in the forces of Great Britain, and were pensioned by Great Britain, and it was found that the British pension was insufficient to enable them to carry on in Canada. Great Britain, thereupon, with regard to such pre-war residence in Canada, undertook if the man so wished, to give him Canadian rates. That is, if he chose to make an election to come under the Canadian Statute, they would pension him, not only on the scale that he would be pensioned in Great Britain, but they would pension him on our scale. That covers those of lower rank than warrant officer.

The CHAIRMAN: Higher rank?

Col. THOMPSON: Lower rank. Canada, on the other hand, supplements the pensions of those of the rank of warrant officer and up. So that the pre-war residents of Canada who served in the forces of Great Britain, are, therefore, taken care of, and get what you might call Canadian rates if they wish it.

Mr. ADSHEAD: A higher pension?

Col. THOMPSON: In some instances; not in all.

The CHAIRMAN: Do not the higher ranks get higher pensions in England than in Canada?

Col. THOMPSON: As a rule, those of higher rank would get a higher pension, but, on the other hand, there are a number of advantages out of the Canadian Statute, and a number of provisions under the Canadian Statute which are not open to a pensioner of Great Britain, and oftentimes those advantages make the condition such that the British pension is lower. And then, Canada supplements those of warrant officers, or higher rank. I do not want to lengthen the discussion, but I have a note here of some of the advantages here under the Canadian scheme. For instance, (a) an allowance for an officer's wife when he marries after discharge. Great Britain makes no allowance, and Canada does; (b) children born after discharge to a British pensioner receive no allowance under the British scale. Canada makes an allowance in respect of a child or children; (c) if an officer has dependent parents, England makes no allowance for them. Canada does; (d) if a pensioner becomes a widower, and employs a housekeeper, England makes no allowance; Canada does.

Mr. ADSHEAD: That seems to be the converse of the case of the mother of a pensioner when she goes back to England. Her pension is reduced to the amount given in England?

Col. THOMPSON: Yes. And, if a man goes to England, he loses that right too. Great Britain cancels it also. She reduces the pension of her pensioners who are pensioned in Canada, if they return to England. She reduces the pension also.

The next suggestion, or the balance of this, is that the Allied forces be treated in practically the same way as the British forces. They suggest striking out in the second line the word "and" and inserting the word "or", in Section 45, so that a person who is either domiciled or resident in Canada, would receive the advantages of this. Then, at the end of the section the privileges are to apply not only to those of the rank of warrant officer, and higher ranks who served in the forces of Great Britain, but it provides as follows:—

All privileges and advantages accruing to a Canadian pensioner shall accrue to and be given to pre-war resident pensioners who served and were disabled in any of the Allied forces.

The suggestion is that the words "domiciled and resident" shall be replaced by the words "domiciled or resident." The words "domiciled and resident" were purposely inserted in the statute to make it clear that a person who was

only a week or so in Canada should not be entitled to claim pension on the ground that he was a resident in Canada. On the other hand, there are cases where a man was only domiciled, or that a man only was domiciled in Canada and had been living in England for years, and was carrying on business there, and the only evidence of domicile in Canada was that he owned some property here. The man had been in Canada for some years, and then had resided in England, but had some real estate in England. The opposite applies as well; namely, that a man might have been resident in Canada for a few months only, but was actually domiciled elsewhere. He must be domiciled somewhere; every man has a domicile, either from nativity, or acquired by law.

The CHAIRMAN: That was only one special case, was it?

Col. THOMPSON: No, you get all sorts of gradation from that; this sort of case for instance: a man serving in India arrived in Canada; bought a few acres of land, and then left and was not in Canada for more than a fortnight; he claims domicile here.

Mr. COLEBOURNE: Mr. Chairman, the case quoted in connection with that Section was this, if I may state it.

The CHAIRMAN: We have that case here, Mr. Colebourne.

Col. THOMPSON: It would mean that all persons who owned any property in Canada could allege that they were domiciled in Canada, although they might be only resident here for two days.

Mr. ADSHEAD: Just to get a pension?

Col. THOMPSON: Yes. Furthermore, the amendment is of a radical nature, and brings in a class of persons who never had been resident in Canada. It applies to all allied forces, and would cover Russia, as well as all European countries and applies to all ranks, whether they were domiciled or resident. It further means that even if the allied country does not pay any attention whatsoever, Canada would pay Canadian rates.

Mr. THORSON: It would pension men who had had no connection with the Canadian army?

Col. THOMPSON: Yes. At the present day, Canada does not pay the pension to a person of the rank of warrant officer or higher rank, where he is in receipt of a pension from Great Britain. In that case we bring it up to Canadian rates, if he wants it, if his pension is lower; but under the English scale, and their regulations, England refuses a pension in quite a number of instances where Canada grants a pension. In such a case we do not supplement or give such a man any pension whatsoever, because there is nothing to supplement. Under the suggested amendments even if this foreign country gave no pension, if such a man under the Canadian law would have been entitled to a pension, then Canada should carry the whole burden. In that respect a man serving in a foreign country would have a much greater advantage than a man serving in the British forces.

Mr. THORSON: Would that apply to all the Reservists who returned to their various countries?

Col. THOMPSON: Yes, it would cover the thousands of Italians who were sent over to Italy.

Witnesses retired.

The Committee adjourned until March 28, 1928, at 11 o'clock a.m.

ADDENDA.—Operations of the Soldiers' Insurance Division (*Submitted by Mr. White*)

STATISTICAL TABLES FOR PARLIAMENTARY COMMITTEE OF 1928
RETURNED SOLDIERS' INSURANCE

TABLE SHOWING POLICIES ISSUED BY FISCAL YEARS AND DEATHS OCCURRING TO DATE FOR EACH YEAR OF ISSUE

Policies Issued by Fiscal Years			Deaths occurring for year of issue		
Sept. 1920–Mar. 1921.....	2,371	\$ 7,074,000 00	Sept. 1920–Mar. 1921.....	248	\$ 831,450 00
April 1921–Mar. 1922.....	7,456	17,874,500 00	April 1921–Mar. 1922.....	546	1,554,900 00
April 1922–Mar. 1923.....	9,725	22,083,500 00	April 1922–Dec. 1922.....	388	980,200 00
April 1923–Sept. 1923.....	14,025	34,995,000 00	Jan. 1923–Mar. 1923.....	104	278,400 00
			April 1923–Sept. 1923.....	355	767,500 00

TABLE SHOWING POLICIES IN FORCE AT END OF EACH FISCAL YEAR AND DEATHS OCCURRING IN EACH FISCAL YEAR

Policies in force as at end of each fiscal year			Deaths occurring in each fiscal year		
Mar. 1921.....	2,234	\$ 6,673,500 00	Sept. 1920–Mar. 1921.....	31	\$ 127,000 00
Mar. 1922.....	8,800	22,234,000 00	April 1921–Mar. 1922.....	207	715,500 00
Mar. 1923.....	17,153	40,906,230 00	April 1922–Mar. 1923.....	282	799,000 00
Mar. 1924.....	28,483	63,533,645 00	April 1923–Mar. 1924.....	306	798,500 00
Mar. 1925.....	27,617	61,328,306 00	April 1924–Mar. 1925.....	299	761,300 00
Mar. 1926.....	26,898	59,447,419 66	April 1925–Mar. 1926.....	232	558,600 00
Mar. 1927.....	25,944	57,099,878 27	April 1926–Mar. 1927.....	284	652,550 00

TABLE SHOWING COST OF ADMINISTRATION OF RETURNED SOLDIERS' INSURANCE
DIVISION BY FISCAL YEAR

1921–22.....	\$47,457 02	1925–26.....	\$56,409 18
1922–23.....	73,145 24	1926–27.....	50,359 04
1923–24.....	82,306 48	1927–28.....	42,317 35
1924–25.....	59,731 17		

RETURNED SOLDIERS' INSURANCE

		\$	cts.
Surrendered for cash to March 31, 1927.....	1,734	3,956,500	00
Surrendered for cash to January 31, 1928.....	498	1,191,500	00
Total surrendered for cash.....	2,232	5,148,000	00
Reduced paid-up insurance to March 31, 1927.....	70	36,940	50
Reduced paid-up insurance to January 31, 1928.....	13	13,640	00
Reduced paid-up insurance in force.....	83	50,580	50
On extended term insurance to March 31, 1927.....	1,927	4,339,000	00
On extended term insurance to January 31, 1928.....	735	1,618,500	00
Total.....	2,662	5,957,500	00
Less Extended Term Insurance terminated.....	815	1,899,500	00
Total policies on extended term insurance.....	1,847	4,058,000	00
Disability claims admitted to March 31, 1927.....	22	37,787	77
Disability claims admitted to January 31, 1928.....	6	25,000	00
Total.....	28	62,787	77
Terminated and Reduced, January 31, 1928.....	3	7,221	54
Disability claims in force.....	25	55,566	23

DEATH CLAIMS

Policy value of death claims to March 31, 1927.....	1,530	4,437,950	00
Policy value of death claims to January 31, 1928.....	170	392,300	00
Total policy value.....	1,700	4,830,250	00
Settled by cash payment or annuity to March 31, 1927.....	1,122	3,344,100	00
Settled by cash payment or annuity to January 31, 1928.....	144	356,283	33
Total Settled.....	1,266	3,700,383	33

SPECIAL COMMITTEE

DEATH CLAIMS—*Concluded*

		\$	cts.
Insurance and premiums paid under Sec. 10—R.S.I. to March 31, 1927.....	357	187,854	82
Insurance and premiums paid under Sec. 10—R.S.I. to January 31, 1928.....	38	32,742	22
Total.....	395	220,597	04
Claims pending settlement as at January 31, 1928.....	39	90,090	00
Policies cancelled by Sec. 10 to January 31, 1928.....		938,900	00
Premiums returned and insurance paid under Sec. 10.....		220,597	04
Net Insurance Cancelled.....		718,302	96

LAPSES AND REINSTATEMENTS

Lapses to March 31, 1927.....	22,357	50,587,500	00
Lapses to January 31, 1928.....	2,406	5,504,500	00
Total.....	24,763	56,092,000	00
Reinstatements to March 31, 1927.....	15,743	35,732,000	00
Reinstatements to January 31, 1928.....	2,224	5,174,000	00
Total.....	17,967	40,906,000	00
Net Lapses.....	6,796	15,186,000	00

INCOME AND EXPENDITURE

	Dr.	Cr.
Balance of Fund March 31, 1927.....		5,090,041 62
Income to January 31, 1928.....		1,153,010 78
Expenditure to January 31, 1928.....	\$ 593,017 86	
Balance January 31, 1928.....	5,650,034 54	
	\$ 6,243,052 40	6,243,052 40
Policies in Force January 31, 1928.....	25,175	55,257,796 73

RETURNED SOLDIERS' INSURANCE

VALUATION BALANCE SHEET, MARCH 31, 1927

Accumulated Fund.....	\$ 5,090,041 62	Reserve as per valuation summary.....	\$ 4,965,040 00
Deficit on valuation basis.....	1,179,787 92	Reserve for current annuities.....	1,148,084 00
		Outstanding death claims:—	
		(1) known settlements.....	\$ 8,333 68
		(2) not known settlements.....	18,750 00
			27,083 68
		Advanced premiums.....	118,556 54
		Net overpayment of premiums....	11,065 32
	\$ 6,269,829 54		\$ 6,269,829 54

(1) Nominal amount of death claims incurred during the year.	\$ 658,050 00
(2) Reduced amount of death claims settled during the year.....	515,223 62
(3) Outstanding death claims 31-3-27 (not including those incurred in previous years).....	34,833 68
(4) Total (2) and (3).....	550,057 30
(5) Expected death losses for the year.....	596,605 00
(6) Expected death and disability losses for the year.....	615,295 00
(7) Disability losses occurring during the year.....	21,930 85
Deficit on valuation basis March 31, 1922.....	\$ 782,142 77
“ “ “ 1923.....	1,050,079 10
“ “ “ 1924.....	1,244,451 35
“ “ “ 1925.....	1,309,074 01
“ “ “ 1926.....	1,227,742 36
“ “ “ 1927.....	1,179,787 92

Without any allowance for mortality in excess of that provided for in the table used in valuation.

WEDNESDAY, March 28, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

The CHAIRMAN: Col. Lafleche wishes to take about three minutes at this time.

Col. LAFLECHE: Mr. Chairman and gentlemen: I think this is the proper body before which to bring up a certain question which affects a certain class of soldiers who have proved themselves to be outstandingly and superlatively brave and gallant. The Legion has for a long time been discussing the question as to whether or not some recommendation should not be made that some recognition from Canada be made to the holders of the Victoria Cross. The Victoria Cross, as you all know, is awarded by the British Crown and is the greatest medal of honour of which we know. In other Dominions, it is understood that the governments are doing something to perpetuate or recognize periodically the valour displayed by the holders of that very great distinction. I wish, sir, to submit for your consideration that in some way suitable recognition be given, and one way I would suggest which would be very fair, because it would treat them all alike, would be for the government to give a cash grant each year to those holders of the Victoria Cross living in Canada, let us say an amount of \$500 a year. There are not very many of them. I understand that only 63 were awarded to Canadians, and there are only some 36 living in Canada. The Legion is of the opinion, in which I concur, that it would not be fair to let the honour die with the holder, and it might be carried on by continuing the grant to the next-of-kin. I do not come before you with any hide-bound suggestion, but I ask your consideration of this question. I am sure that the actual figures can readily be supplied by the Department of National Defence.

Sir EUGENE Fiset: Does that also include the Veterans of the South African war?

Col. LAFLECHE: Yes, it would.

There is another matter I would like to mention briefly, and that is in connection with the number of cases handled. I do not want to take up much of your time, but will only tell you for the record that following the wire sent out on the 22nd of this month to certain officers of the Legion throughout Canada asking to be advised by wire, and that the information must be reliable, we have been advised of a total of some 32,000 cases handled by the Service Bureau in Ottawa and the other officers throughout Canada. All of the offices have not reported, nor were all of these offices asked to furnish this information.

Mr. ADSHEAD: In connection with your first point, do you suggest also that those who hold other medals, such as the M.C., and others which might be termed to be for lesser degrees of valour should receive anything?

Col. LAFLECHE: No, that was not my intention.

The CHAIRMAN: The V.C.'s were issued for outstanding gallantry. A man usually is dead before it is awarded.

Col. LAFLECHE: I know that in Sir Eugene Fiset's constituency there are the families of two holders of the Victoria Cross, both awarded after death.

Mr. McPHERSON: Is there not some allowance made by the British government?

[Col. Lafleche.]

Col. LAFLECHE: To those who are not commissioned officers, £10 a year. I think it would be very proper for the Canadian government to do something.

Mr. McPHERSON: I thought there was some grant made.

Col. LAFLECHE: To those who are not commissioned officers. In renewing this honour, the country would really be honouring itself.

Mr. McPHERSON: Do you know about the other Dominions?

Col. LAFLECHE: I know something is done in New Zealand, but I am not sure what it is. I suggested a cash grant, because it is applicable to all, irrespective of rank.

Mr. ADSHEAD: Why should not those of lesser degree get a grant?

Col. LAFLECHE: I do not think that would be necessary.

Mr. ADSHEAD: It is a recognition of honour.

Col. LAFLECHE: Let me make it perfectly clear that no holder of the Victoria Cross has anything to do with my suggestion. Only the holders of the Victoria Cross are comprised in the suggestion, because of the great outstanding feats of arms which they performed.

In regard to my second point, I may say that these 32,000 cases are since 1923, or, in some cases, since the inception of the Legion.

Sir EUGENE Fiset: Considering the fact that a D.S.O. issued during the last war was issued exactly on the same basis as the Victoria Cross was during the South African war, do you think there should be a grant made for that?

Col. LAFLECHE: I am not capable of discussing the fine points.

The CHAIRMAN: I do not believe the fact is as stated by the hon. gentleman.

Mr. Ross (Kingston): Decidedly not.

Mr. McPHERSON: If rumour is correct, they certainly were not.

Col. J. T. THOMPSON, J. PATON and Dr. R. J. KEE recalled.

The CHAIRMAN: We were discussing No. 7 of the suggestions of the Army and Navy Veterans.

Col. THOMPSON: This is a proposed amendment to section 32, subsection 5, of the Pension Act, which reads as follows:—

The Commission may at its discretion refuse to award a pension to a widow of a member of the forces who at the time he became a member of the forces and for a reasonable time previously thereto was separated from him and was not being maintained by him during such time.

It is not quite clear what this means, and the suggestion is that the pension shall not be withheld from the widow when her husband has left her. Of course, if she has a husband she is not a widow. It may also mean that where a man has deserted his wife after discharge she shall be pensioned even if his death is not related to service, or it may mean that if a man has left his wife prior to enlistment and is killed, or is discharged and then leaves his wife and dies, and his death is related to service, his widow shall be pensioned. There are numerous cases where men married in England during service and the wife has refused to come out to Canada, or has come out to Canada and then returned to the country of her origin, either Belgium or France or England, and refuses to live with the man, and in such cases pensions are refused.

Mr. ADSHEAD: That is, a widow leaving her husband—

Col. THOMPSON: Quite so, and there are instances where it is shown, and where we know the conditions of the separation, but there are so many cases where there is no evidence other than the mere non-support. That is not in all cases. Of course there are cases where a man has written in and states that

[Col. Thompson.]

no allowance should be paid to his wife. Under this suggestion there would be no evidence, and the woman would invariably say that she had been deserted without cause. There are also a number of cases where a woman has disintitled herself by her conduct.

The CHAIRMAN: This goes farther and says "even when an action for divorce has been taken". She might be the guilty person in a divorce action and still apply for a pension. You would then sit in judgment against the decision of the court.

Col. THOMPSON: I do not see why a widow who brings an action for divorce or maintenance should be pensioned. That is why I think this suggestion is obscure except in the third meaning, that where a man has died and his death was related to service, or he had separated from his wife. If the suggestion means anything, it will mean that practically all widows will be pensioned if they are supported by their husbands.

Mr. ADSHEAD: She is not a real widow in the proper use of that word.

Col. THOMPSON: The whole suggestion is obscure unless you take the last meaning of it. No. 8 has already been discussed. I understand that Nos. 9 and 10 have been dropped.

The CHAIRMAN: The last part of No. 10 has not been discussed in regard to paragraph 1 of section 22—suggestion 11.

Col. THOMPSON: That is also referred to in the suggestion of the Legion, and there is also a suggestion by the Minister with regard to that. I have prepared here for the information of the Committee, and which I think will be very instructive, a number of cases which have been allowed by both Boards.

The CHAIRMAN: Before you go into that, could you give us what, in your opinion, is the scope of the Meritorious Clause?

Col. THOMPSON: I have also prepared a number of cases disallowed by the Federal Appeal Board and allowed by the Board of Pension Commissioners, a number of cases allowed by the Federal Appeal Board and disallowed by the Board of Pension Commissioners. These are prepared in the form of a very short statement with regard to each case, and although the statement is brief it contains all the salient features of each case. I will file these, if you care to have them.

Mr. ADSHEAD: Did you say allowed by the Federal Appeal Board and disallowed by the Board of Pension Commissioners?

Col. THOMPSON: Those allowed by both Boards, those refused by the Federal Appeal Board and then allowed by the Board of Pension Commissioners, and those allowed by the Federal Appeal Board and refused by the Board of Pension Commissioners. There must be a concurrence of both Boards before the Pension is allowed.

Mr. ADSHEAD: Under the Meritorious Clause?

Col. THOMPSON: Yes, under the Meritorious Clause. With your permission I shall omit the names. The names are on the statements, but I shall omit them.

The CHAIRMAN: I will ask the reporter to see that the names do not go in the record, but if any member of the Committee wishes to see the file, it will be open to them at any time.

Col. THOMPSON: These cases have not been hand-picked, with the exception of those which were allowed by the Federal Appeal Board and disallowed by the Board of Pension Commissioners, and those which were disallowed by both. They were hand-picked to this extent, that I hand-picked them in order to have a number of cases of the same type, such as those who were married

[Col. Thompson.]

after the appearance of disability, those who made application with regard to disability not relating to service, and so forth. Apart from that, they have not been hand-picked in any respect. The circumstances set out in these two classes of cases will be found pretty well the same, running all through the numerous applications—I think some 200 in all—where the award has not been made, because the Pensions Board did not agree. I prepared this list of cases because I thought it would be instructive to the Committee. The proposal is to amend the present Statute, and I thought possibly a perusal of these types of cases might enable the Committee to come to a more clear decision as to how the machinery should be changed with regard to awarding pensions, if they thought advisable to change it, or in addition to change the machinery and as to whether the Committee might think the Statute should be amended to provide that a certain type of cases should be admitted or refused. At the present time the Statute is very indistinct. Section 21 reads as follows:—

“21. Any member of the forces or any dependent of a member of the forces or any dependent of a deceased member of the forces whose case in the opinion of a majority of the members of the Commission and a majority of the members of the Federal Appeal Board, appears to be specially meritorious may be made the subject of an investigation and adjudication by way of compassionate pension or allowance with the assent of the Governor in Council.

2. The pension awarded under the authority of this section shall not exceed in amount that which could have been granted in the like case under other provisions of this Act if the death, injury, or disease on account of which the pension is claimed, was attributable to military service.”

I have grouped the cases. The statement is very brief in each case. These cases are those where no recommendation has been made because there has been a disagreement or because both Boards refused the application. Afterwards I shall read those cases where both Boards refused the application.

Mr. ADSHEAD: You deal with those which the Appeal Board allowed but you did not?

Col. THOMPSON: I will tell you what happened in each case in order that you may make a comparison of those allowed by the Federal Appeal Board and then disallowed by the Board of Pension Commissioners. These are the ones refused by the Federal Appeal Board.

1. Married subsequent to appearance:

Enlisted August, 1914.

Returned to Canada for sanatorium treatment February, 1916.

Discharged to full pension September, 1916, for tuberculosis.

Married June 27, 1918.

Died October, 1918.

Widow alleged that they had been engaged to be married so far back as 1910.

Widow stated to be in poor health and endeavouring to earn her livelihood as a typist.

There is a child on pension.

Application was refused by both Boards.

Meritorious application disallowed by Federal Appeal Board and Board of Pension Commissioners.

Mr. CLARK: Before you go on, have you ever allowed a pension under the Meritorious Clause to a widow who was married after the appearance of the disability, but engaged before the war?

Col. THOMPSON: Yes.

[Col. Thompson.]

Mr. CLARK: Do you know how many?

Col. THOMPSON: I do not, but I can find it from the files.

Mr. CLARK: There have not been very many?

Col. THOMPSON: Not many.

Mr. PATON: I think there were two who come under that heading.

Col. THOMPSON:

2. Married subsequent to appearance:

Enlisted September, 1914. Service in Canada and England. No exceptional incident during service;

Discharged March, 1915—pensioned with effect from June 20, 1915, for total disability—pulmonary tuberculosis;

Married November 17, 1915;

Died June 22, 1926, from pneumonia—death related to service;

Child pensioned at ordinary rates;

Returned soldiers' insurance, \$3,000; equity in real estate, \$1,200;

Engaged prior to enlistment but evidence submitted shows that marriage was postponed for their own convenience and not on account of family conditions.

Meritorious application allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

Mr. Ross (Kingston): What do you mean by "family conditions"?

Col. THOMPSON: That will appear when I read one of the other cases, General Ross. One which I shall read shows that they were engaged, and wanted to get married but the father of the girl was in such a serious condition of health that she was obliged to remain at home to nurse him, and could not get married.

Mr. Ross (Kingston): The postponement was not due to enlistment?

Col. THOMPSON: No. The Board of Pension Commissioners recommended a pension in that case.

Mr. CLARK: I wanted to get the principle there of the cases in which you have granted pensions where the disability was apparent at the time of marriage. In the cases where the marriage had been postponed due to enlistment, what was the principle upon which the Pensions Board acted?

Col. THOMPSON: That the marriage was postponed on account of certain family conditions.

Mr. CLARK: In the cases which have been granted, were they granted on the principle that the marriage was postponed on account of enlistment?

Col. THOMPSON: No.

Mr. Ross (Kingston): Why I mentioned that was that this subject has been up so often, and it was pretty well accepted by the Committee as one worthy of consideration, that where there was some evidence of intention of marriage, and the marriage was postponed on account of enlistment, then the man had responsibilities which the State should recognize, after he returned. That was not carried out, but it was pretty well considered by the Committee as being worthy of further consideration.

Mr. CLARK: Could we get a brief statement—

Col. THOMPSON: I think if I read this statement, it will give you the idea.

Mr. CLARK: I think we could follow it better if in those cases in which pension has been granted, where marriage took place after the appearance of the disability, you would just tell us in a very few words the ground upon which the pension was granted.

[Col. Thompson.]

Col. THOMPSON: I can only give the details of the one I mentioned, because I have that in front of me.

Mr. McPHERSON: I think General Clark means this, that in the first case you read the pension was not granted. Now, why? Take these cases as you come to them and give us the reason.

Mr. ROSS (Kingston): That was the case of a man who died in 1918, and it was so close——

Mr. McPHERSON: That may be the reason, but we want to get the reasons from the colonel (Colonel Thompson)——

Col. THOMPSON: I cannot give the reasons of the Federal Appeal Board. The Board of Pension Commissioners considered that there must be some exceptional merit in the man's service to warrant a pension under the Meritorious Clause. The Board, in the first case, considered that there was nothing of an exceptional nature. If such women are to be pensioned, they ought all to be pensioned, where they married subsequent to the appearance of the disability.

Mr. McPHERSON: You say "unless there is some special reason"——

Mr. CLARK: That is the very reason why I would like to know on what principle the Pensions Board considered it was justified in awarding a pension under the Meritorious Clause to a widow who was married after the appearance of disability.

Mr. ROSS (Kingston): I think perhaps we can get the reasons as we go on.

Mr. MACLAREN: Would it not be clearer to have the statement read in its entirety, and then we could ask questions afterwards?

The CHAIRMAN: This is entirely a matter in the discretion of the Board of Pension Commissioners, and they judge each case on its own particular merits. I think the suggestion of General Ross is a good one, that we discuss each case as it comes along. Each case has its own merits.

Mr. CLARK: But if the Board of Pension Commissioners would advise the Committee of the grounds which they considered sufficient to award a pension to a widow after the appearance of disability, it might help us to appreciate more the examples they are giving.

The CHAIRMAN: When it comes to one which has been granted.

Col. THOMPSON: It is quite impossible to make a general statement as to which should be granted and which should not.

The CHAIRMAN: If we could do that, we could put it in the legislation.

Mr. ROSS (Kingston): The first one was not granted.

Col. THOMPSON: Then the second one was granted.

Mr. THORSON: By the Federal Appeal Board.

The CHAIRMAN: Why did you disallow it?

Col. THOMPSON: The Federal Appeal Board did allow it, but the Board of Pension Commissioners did not.

Mr. BLACK (Yukon): In that case, would the decision of the Federal Appeal Board prevail, and pension be granted?

Col. THOMPSON: No. It must be with the approval of both Boards.

Mr. BLACK (Yukon): So there was a checkmate and nothing was done.

Col. THOMPSON: No. I am furnishing this statement for the information of the Committee. They can draw their conclusions as well as I can. I am not drawing any conclusions from these.

The CHAIRMAN: You can tell us why they were disallowed by the Board of Pension Commissioners.

[Col. Thompson.]

Col. THOMPSON: We did not consider that they were meritorious; there was nothing exceptional.

The CHAIRMAN: That is, as a general thing.

Col. THOMPSON: Yes.

3. Married subsequent to appearance:

Enlisted September, 1915;

Discharged July, 1917;

Pensioned for loss of arm;

Died of tuberculosis which originated prior to 1917;

Death was related to service;

Married September, 1918;

Widow in sanatorium through tuberculosis contracted from her husband;

Evidence has been submitted that she was engaged prior to deceased soldier's enlistment;

Income about \$100 a year from investments;

Application was refused by both Boards;

Meritorious application disallowed by both Boards.

Mr. ROSS (Kingston): What was the year of death?

Col. THOMPSON: I have not got that with me.

Mr. ADSHEAD: It must have been in 1918.

Col. THOMPSON: No, she married in September, 1918.

Mr. ROSS (Kingston): He was discharged with the loss of an arm, married in 1918 and died of tuberculosis.

Col. THOMPSON: Yes, he died of tuberculosis which originated prior to 1917.

Mr. ADSHEAD: Due to service?

Col. THOMPSON: Death was related to service; he was pensioned for it.

Mr. ADSHEAD: But the widow was refused.

Col. THOMPSON: Yes.

Mr. ADSHEAD: They did not know about the tuberculosis until after discharge?

Col. THOMPSON: Yes.

Mr. ADSHEAD: And then found that it was due to service?

Col. THOMPSON: Yes.

Mr. ADSHEAD: And the widow was refused pension?

Col. THOMPSON: Yes.

Mr. ROSS (Kingston): I consider this pretty shady. It is after his discharge. Have you an acknowledgment, when they were married in 1918, that this man had tuberculosis?

Col. THOMPSON: I cannot tell you from this, but I can get you the details.

Mr. ROSS (Kingston): I think it is very important. Will you get that case for us? I think that is worthy of further consideration.

Col. THOMPSON: What do you want to know, General Ross?

Mr. ROSS (Kingston): Here is the point. This man is discharged. He was married in 1918. At the time of his discharge evidently you do not know whether he had tuberculosis or not.

[Col. Thompson.]

Col. THOMPSON: The note I have here says that he died of tuberculosis which originated prior to 1917.

Mr. CLARK: But if he is only pensioned for the loss of an arm, you do not know about the other?

Mr. ADSHEAD: Col. Thompson said that he did not know anything about it until afterwards.

Mr. CLARK: Yes, that is so. Neither the Board of Pension Commissioners nor the Federal Appeal Board knew about the tuberculosis.

Col. THOMPSON: He did not marry until a year after discharge.

Mr. Ross (Kingston): Was he pensioned at the time of his marriage for tuberculosis?

Col. THOMPSON: That I cannot tell you. If he was not, then she would be entitled to pension.

Mr. Ross (Kingston): I think it would be worth while having the file on this case.

Col. THOMPSON: I will get it for you.

4. Married subsequent to appearance:

Enlisted November, 1916—Served with R.N.C.V.R.—No exceptional incident during service;

Discharged May, 1917—pensioned with effect from February 1, 1918, at 60 per cent for heart condition;

Married September 12, 1919;

Died May 26, 1925—Death related to service;

Child receiving pension at orphan rates;

Official valuation of estate \$6,900. Pensioner died intestate;

Widow totally incapacitated owing to disseminated sclerosis;

Widow states she was engaged to marry the deceased prior to his enlistment;

This was not established nor any reason given why marriage did not take place prior to enlistment.

Meritorious application allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

Mr. CLARK: Before you go any further, what is required in the way of evidence of an engagement? Who knows of the engagement other than the parties themselves?

Mr. Ross (Kingston): The parents and friends.

Col. THOMPSON: I cannot say exactly what would be required. In one of the cases in which it was admitted, it was clearly proved, but I cannot say now what the evidence would be.

Mr. CLARK: Apparently the evidence satisfied the Federal Appeal Board that there was an engagement. That is the inference I drew. Now I would like to know what the evidence was. It is the only way we can come to a conclusion as to whether or not the section as it now stands is being enforced as we thought it would be when it was recommended.

Col. THOMPSON: I can draw that file for you. I would suggest we draw all of these files.

Mr. BLACK (Yukon): In all of these cases you must have something meritorious, otherwise it would not apply.

Col. THOMPSON:

[Col. Thompson.]

5. Married subsequent to appearance:

Enlisted October 27, 1914;
 Discharged August 17, 1919;
 Served in France;
 Married June, 1918—2 children;
 Death related to service (mental condition);
 Widow was not entitled to pension;
 Estate—Valued at about \$8,000;
 Refused by both Boards;
 Meritorious applications—Refused by both Boards.

Mr. Ross (Kingston): Have you the date of death there?

Col. THOMPSON: I have not the exact date, but I think it was about two years ago.

Mr. Ross (Kingston): When was the appearance of the mental trouble?

Col. THOMPSON: Prior to marriage. On service in France.

Mr. Ross (Kingston): He stayed on service?

Col. THOMPSON: He was sent back from service.

6. Married subsequent to appearance:

Enlisted July, 1915—served in England—No exceptional incident during service;
 Discharged April, 1920—pensioned on account of chronic bronchitis;
 Married July 6, 1920;
 Died August 31, 1925, from pneumonia lung abscess—death related to service;
 Man married widow with two children;
 Step-children not entitled to pension;
 Returned Soldiers' Insurance \$5,000—also estate valued at \$2,100.
 Meritorious applications allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

7. Married subsequent to appearance:

Enlisted February, 1915—service in England—no exceptional incident on service;

Arrived in England in June, 1915, and in July, 1915, T.B. and Bright's disease;

Did not serve in France;

Married December 1, 1915, and sent to Ste. Agathe December 19, 1915;

Discharged June 13, 1916—pensioned 100 per cent from June 14, 1916, for pulmonary tuberculosis;

Died January 21, 1927—death related to service;

Estate—

Metropolitan Life Insurance	\$2,000
Returned Soldiers' Insurance	5,000
Canadian Order of Foresters	500
Bank balance	250

\$7,750

Considered by Federal Appeal Board to be specially meritorious; now before Board of Pension Commissioners for consideration.

[Col. Thompson.]

8. Married subsequent to appearance:

Enlisted February, 1915;

Discharged March, 1918;

Awarded pension for a condition which made its appearance February, 1916;

Married July, 1918;

Died September, 1926, of tuberculosis;

Death was related to service, but widow was not pensionable;

Pension was refused by both Boards;

Meritorious applications—refused by both Boards.

Mr. CLARK: Would you mind telling us at what date that pension was awarded?

Col. THOMPSON: I have not got it here.

Mr. ROSS (Kingston): The tuberculosis was detected there in 1916.

Col. THOMPSON:

9. Married subsequent to appearance:

Enlisted December, 1914—served in France—no exceptional incident during service;

Discharged April 1919—pensioned at 20 per cent for dyspnoea and cough from bronchitis;

Married September 6, 1919;

Died April 18, 1926—emphysema—death related to service;

Estate left by deceased—real estate, \$5,800; mortgages, \$5,300; Returned Soldiers' insurance, \$1,000;

Meritorious applications allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

Mr. CLARK: In regard to the case before this one——

Mr. ROSS (Kingston): No. 8.

Mr. CLARK: —I think the date the pension was awarded is a very important point to consider, in order that this case may be of value as an illustration to us, and for this reason, that if a pension was awarded after the marriage it might be safely said that the wife would not know the nature of the disability and would not know whether it was a war disability or not.

Mr. ADSHEAD: And would not know that she was to be awarded a pension.

Mr. CLARK: She might not.

Mr. ADSHEAD: She could not.

Mr. CLARK: I think the date of the award of the pension is material in each case.

Mr. ROSS (Kingston): It is a question of whether he got his pension from the date of discharge.

Col. THOMPSON: I will have all these files drawn.

Dr. KEE: That is a very important point.

Col. THOMPSON:

10. Married subsequent to appearance:

Enlisted August, 1914—served in France 3 years—no exceptional incident during service;

Discharged August, 1918—pensioned at 75 per cent on account of V.D.H.

[Col. Thompson.]

Medical Board in April, 1918, disclosed condition of V.D.H.

Married May 18, 1918—met future wife in England in December, 1914, but did not marry until May, 1918;

Died February 26, 1926, from lobar pneumonia;

Two children pensioned at orphan rates;

Meritorious applications allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

Mr. Ross (Kingston): How did the Pensions Board arrive at that lobar pneumonia, that heart disease was the cause of his death?

Dr. KEE: He was pensioned for his heart.

Mr. Ross (Kingston): I wish the Board would look at many other cases in that way.

Dr. KEE: We always do, sir.

Mr. Ross (Kingston): I will keep that in mind.

Dr. KEE: All right.

Col. THOMPSON:

11. Death not related to service;

Enlisted January, 1915;

Discharged January, 1916;

Awarded pension;

Married October, 1893;

Served in forces of Great Britain, completed seven years' service; re-enlisted for further 12 years and served in the South African war; discharged from British forces in 1902;

Served in France from February to November, 1915;

Death not related to service; died August 23, 1927;

Pension for widow under meritorious clause was requested but refused by both Boards.

Mr. Ross (Kingston): Was there an application there which had been refused for a previous pension in that case?

Col. THOMPSON: The Board of Pension Commissioners decided that death was not related to service. He died by accidental drowning.

Mr. McPHERSON: He was not drawing pension at all?

Mr. Ross (Kingston): There is the possibility that he had made an application for pension at some time, and was refused.

Mr. BLACK (Yukon): He died from drowning, not disability.

Mr. Ross (Kingston): I have a very similar case to that, and we asked them to reconsider, because the application had been made and not finally settled. The application there would not be for the drowning.

Mr. McPHERSON: I take it this case was an ordinary case, and death was due to drowning, and not for disability.

Dr. KEE: The dependents had an application separate from the man's at the time of death.

Mr. Ross (Kingston): Do you remember the case of Bromley, whose case was up? He was drowned and application was then made for meritorious consideration, not because he was drowned, but for disability.

The CHAIRMAN: I know of a similar case brought to my attention by a member of parliament where a man who served overseas was a fisherman; after service he went out and was drowned, and the member of parliament is indignant because his wife and family are not pensioned.

Mr. THORSON: Are you going to bring that fisherman's case up again?

The CHAIRMAN: That is the one.

Col. THOMPSON:

12. Death not related to service;

Enlisted October, 1915;

Discharged March, 1919;

Died of accidental drowning December 19, 1924;

Death not related to service;

Left a widow and six children;

Served a year and a half in France;

Eldest child, aged 12, is a cripple; youngest is aged one year;

Application refused by both Boards;

Meritorious application—refused by Federal Appeal Board and Board of Pension Commissioners.

13. Death not related to service:

Enlisted February 11, 1916; served in France—no exceptional incident during service;

Discharged March 18, 1918—pensioned on account of defective hearing 40 per cent;

Married previous to enlistment—date not stated;

Died August 31, 1923, from chronic nephritis—death not related to service;

Federal Appeal Board disallowed widow's appeal that death due to chronic nephritis was attributable to military service, September 10, 1924;

Widow and three children;

Children aged 14, 12 and 9 years as of November, 1924.

Meritorious applications allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

14. Death not related to service:

Enlisted April, 1916—served in England—no exceptional incident during service;

Discharged October, 1916:

Re-enlisted in August, 1917;

Discharged September, 1918:

Married prior to enlistment;

Man's history shows habits bad, intemperate;

Died September 10, 1922 from accidental drowning—in receipt of pension at 75 per cent for pulmonary tuberculosis;

Widow and 2 children—Widow appealed to Federal Appeal Board against Board of Pension Commissioners' decision that death was not attributable to service;

Federal Appeal Board confirmed Board of Pension Commissioners decision;

Returned Soldiers' insurance \$1,000;

Meritorious application allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

Mr BLACK (Yukon): In that case, would not the pension payable to the soldier before his death be continued to the widow?

Col. THOMPSON: No, it was not related to service.

Mr. BLACK (Yukon): He had the benefit of his pension during his lifetime.

[Col. Thompson.]

Mr. ROSS (Kingston): Did she get a pension?

Dr. KEE: No, the dependents have a separate application entirely.

The CHAIRMAN: Classes 1 to 5, 80 per cent and up. Does that answer your question?

Mr. BLACK (Yuken): Pension was not continued to the widow after the man's death.

Col. THOMPSON:

15. Death not related to service.

Enlisted December, 1915—served in France—no exceptional incident during service.

Discharged September, 1919;

Married previous to enlistment;

Died October 20, 1923, due to misconduct;

In March, 1925, disability pension awarded at 25 per cent for genito-urinary disease aggravated on service and the unpaid balance paid to widow;

Widow and two children;

Widow intends to take up dressmaking at home to obtain a livelihood. She rents rooms which bring her an income of \$60 a month. Daughters of Empire are allowing \$50 towards the schooling of each child.

Meritorious application allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

16. Sister not dependent;

Served from April 9, 1915, to May 14, 1915, with Composite Regiment, Active Militia. No exceptional incident during service;

Drowned at Cascades Point, Soulanges Canal, Que., May 14, 1915, through causes unknown.

Age 18 years at time of death and was contributing \$15 a month to mother;

Pension awarded widowed mother as having been dependent upon the deceased soldier;

No evidence of sister having been dependent upon deceased; supported by earnings and by contributions of three married brothers;

Sister now incapacitated 75 per cent from V.D.H.

Meritorious application allowed by Federal Appeal Board; refused by Board of Pension Commissioners.

Mr. ROSS (Kingston): What would you think of a case like this, where you have a sister, and where a pension has been awarded to a mother; they are ignorant of the fact that while the sister is dependent upon the mother, who is getting the pension, if the mother dies and the sister is left, she cannot receive the pension or get any assistance because the pension was not divided with the mother from the beginning? Has there been any consideration of that?

Col. THOMPSON: The Pension Act says that only one pension is allowable.

Mr. ROSS (Kingston): If she had known, all she would have to do would be to apply for the pension to be divided between the mother and the sister.

Col. THOMPSON: It would not be awarded to the sister in that case, unless in the opinion of the Board the boy was the actual support of the household—the mainstay of the household.

Mr. ROSS (Kingston): But under the Act as it is at present, when the mother dies—

Mr. THORSON: Not unless she was supported by the soldier.

Mr. Ross (Kingston): Not even then. The Act says that there can only be one pension.

Col. THOMPSON:

17. Deserted wife;

Enlisted September, 1915;

Served in France $2\frac{3}{4}$ years;

Discharged November, 1919—no pension;

Married previous to enlistment;

Man deserted his family one year after discharge;

Application refused by both Boards.

Meritorious application disallowed by Federal Appeal Board and Board of Pension Commissioners.

18. Widow deserted by her second husband;

Enlisted in 1915;

Missing, presumed dead, in October, 1916;

Pension was awarded widow and four children, two of whom reached the age limit in 1925;

Widow remarried November, 1920; husband deserted her in 1923;

Children's rates increased to orphan rates;

Application was made for pension to the remarried widow under the meritorious clause. Application refused by both Boards.

Meritorious application disallowed by Federal Appeal Board and Board of Pension Commissioners.

19. Disability not related to service:

Enlisted September, 1915—Served in France—returned to England suffering from shell shock;

Discharged March, 1918;

Awarded pension;

Died April, 1923, of a post discharge condition, namely,—carcinoma of the pancreas;

Married 1906;

Death due to a post discharge condition;

Widow in poor health and unable to earn a livelihood;

Refused by both Boards.

Meritorious application disallowed by Federal Appeal Board and Board of Pension Commissioners.

20. Disability not related to service:

Enlisted January, 1915;

Discharged November, 1915—under age;

Married May, 1917;

Suffering from advanced tuberculosis—post discharge;

Applied for pension under meritorious clause on the ground that he is totally incapacitated and unable to support his wife and four children.

Refused by both Boards.

(Man died 30.4.27.)

Meritorious application disallowed by Federal Appeal Board and Board of Pension Commissioners.

[Col. Thompson.]

21. Disability not due to service:

Enlisted February, 1916;

Served in France;

Demobilized May 21, 1919;

On service suffered from bronchitis and scabies;

Totally disabled from effects of sleeping sickness which originated post discharge;

Man is totally disabled, helpless and without money;

Application was refused by both Boards.

Meritorious applications disallowed by Federal Appeal Board and Board of Pension Commissioners.

Mr. THORSON: Have you any idea of the percentage of cases which have come under this clause which are due to the fact that the woman married after the appearance of the disability?

Col. THOMPSON: I think most of them are of that type.

Mr. THORSON: Most of the applications for consideration under the Meritorious Clause are by widows of soldiers where the marriage took place after the appearance of the disability?

Col. THOMPSON: Yes, and the opinion of the Board of Pension Commissioners was that with one or two exceptions little if any distinction could be drawn between any of them and the host of others who have died, and in respect of whom no application has been made.

Mr. THORSON: Can you give me the percentage of those cases?

Col. THOMPSON: I have not them here, but I can get them for you.

Mr. THORSON: There are only 278 applications which have come before the Board.

Col. THOMPSON: We can get that for you. I will now read a few which we awarded, and which the Federal Appeal Board concurred in, and upon which an award was made. We do not show them all, but we show the principle upon which we acted.

22. Additional pension as though he were married member of forces;

Enlisted January, 1916;

Discharged March, 1919;

Awarded pension from April, 1923, at 100 per cent—necessity for rest due to tubercle of lung;

Was married in 1907 but seven months after marriage he and his wife separated and since that time he has not heard from her;

In 1908 he began living with another woman and since that time he has lived with her continuously and has publicly represented her as his wife;

Pension awarded under Meritorious Clause effective from July 19, 1924.

The CHAIRMAN: What do you do if the real wife turns up?

Mr. McPHERSON: In that case, the reason for the Meritorious Clause was a question of marriage?

Col. THOMPSON: He had been living with this woman for twenty years.

Mr. McPHERSON: You could not grant pension to her under the Act, and therefore you used the Meritorious Clause?

Col. THOMPSON: We could not grant any allowance to her.

[Col. Thompson.]

Mr. Ross (Kingston): When did the tuberculosis appear in this case?

Col. THOMPSON: Pension was awarded in April, 1923.

Mr. Ross (Kingston): That was due to service.

Col. THOMPSON: Yes, he had then been living with this woman for fifteen years.

Mr. Ross (Kingston): He was four years out of service then, but it was deemed to be due to service, and still his pension only began in 1923.

Col. THOMPSON: Yes, that is the note I have here.

Dr. KEE: That may be from the date of application.

Col. THOMPSON: That is the date of the award. I do not know whether it was retroactive or not.

Mr. BLACK (Yukon): That may have been dated back.

Mr. CLARK: Have you ever awarded a pension under the Meritorious Clause which might have been awarded under another section of the Act? Take a case in which pension has been refused under the ordinary provisions of the Act and which, if the evidence had been satisfactory, might have been awarded under another section of the Act, have you ever awarded a pension under the Meritorious Clause which might have been awarded under another existing section?

Col. THOMPSON: I do not think so.

Mr. THORSON: On that point, that answer might arouse a certain amount of confusion. The suggestion was made in the course of the discussion that the Meritorious Clause was designed to cover cases for which no provision at all had been made in the Act, but that if an application could properly have been made and it might have been granted under some section of the Act, then it was not a case to be considered under the Meritorious Clause. Is that a correct statement?

Col. THOMPSON: I think that is correct, yes.

Mr. THORSON: That is obvious.

Mr. CLARK: It is not obvious; it was disputed by Col. Thompson himself.

Mr. THORSON: Col. Belton took the contrary view of that.

Dr. KEE: Do you mean that would necessarily bar them?

Mr. THORSON: Yes, put it that way. Supposing a man's case might come under some other section of the Act, and it has been turned down, say for lack of evidence, or something of that sort—

Mr. BLACK (Yukon): If it was turned down, it does not come under that section.

Col. THOMPSON: If it were turned down, for instance, because it was barred by the statute of limitations.

Mr. THORSON: No, that is not what I had in mind. I was thinking of a case which might have been awarded under one section of the Act if satisfactory proof were available, but it was turned down for lack of that proof; would that person necessarily be barred from making an application under the Meritorious Clause because some other section had provided for his case?

Col. THOMPSON: Not necessarily, no.

Mr. CLARK: Though not necessarily barred, the Meritorious Clause has not been invoked for the purpose of awarding a pension to one who was barred by another section?

Col. THOMPSON: Yes, it has been awarded.

[Col. Thompson, and Dr. Kee.]

Mr. THORSON: I think Col. Thompson does not understand the question involved, because Col. Belton said that the case might be considered under the Meritorious Clause.

Col. THOMPSON: As a matter of fact, such pension was awarded by the Board of Pension Commissioners where both Boards had quite evidently made a mistake in their decision.

Mr. CLARK: Let us be clear on that. You are qualifying your first answer now, namely, that though ineligible under another section of the Act, you considered yourselves empowered to deal with it under the Meritorious section, without regard to the other sections.

Col. THOMPSON: Yes.

Mr. CLARK: And you have actually done that?

Col. THOMPSON: I do not know, I am sure.

Mr. CLARK: You said to me that you had not, and you stated distinctly to Mr. Thorson that you had.

Col. THOMPSON: I am thinking of a case I am coming to, when I said that we granted it under the Pension Act, because, as a matter of fact, that man was barred by the statute of limitation.

Mr. THORSON: What I am getting at is, if you divide the Act into two parts, all the sections of the Act excepting section 21 on one side, and section 21 on the other side, the two parts are not necessarily exclusive.

Col. THOMPSON: No.

Mr. ADSHEAD: Did you not say that you had granted a pension under the Meritorious Clause because the Board had made a mistake under the other section.

Col. THOMPSON: That is quite correct, but not the full answer. The Board made a mistake in the first instance. We did not note certain entries on the man's documents. The man then appealed to the Federal Appeal Board, and they disallowed his appeal.

Mr. ADSHEAD: They made the same mistake.

Col. THOMPSON: They made the same mistake. Then the statute of limitations intervened, and because the statute of limitations intervened, and the case was clearly one of injustice, the Board recommended a meritorious pension commensurate with the pension which would have been granted in the first instance.

Mr. ADSHEAD: Would the statute of limitations then apply after he had made his application to you?

Col. THOMPSON: No. His application was for a rehearing by the Board of Pension Commissioners after the decision of the Federal Appeal Board.

Mr. ADSHEAD: On account of their mistake?

Col. THOMPSON: No, on account of the mistake of both Boards.

Mr. CLARK: Was that the only case in which the Meritorious Clause was invoked under such circumstances; that is, where originally the case was eligible under another section, and, in this particular case, should have been granted under that other section, but that section being no longer available you invoked the Meritorious Clause? Was that the only case where you invoked the Meritorious Clause where another section would bar the man?

Col. THOMPSON: My recollection would be no, but I can draw the files on that.

[Col. Thompson.]

Mr. CLARK: In every case where a pension is refused through lack of some proof, though it might bar an applicant, according to the practice, it would be useless for that man to apply under the Meritorious Clause as it now exists.

Col. THOMPSON: They could make an application?

Mr. CLARK: Yes, but the chances are almost 100 per cent, that it would not be granted.

Col. THOMPSON: That would be my opinion. I am referring to that type of case where you say there is no proof, or not sufficient proof.

Mr. THORSON: Then the Board would consider it under the Meritorious Clause if there were exceptional circumstances.

Col. THOMPSON: Absolutely so.

Mr. THORSON: Notwithstanding that a case of that sort was provided for elsewhere in the Act—if the necessary proof were forthcoming.

Col. THOMPSON: Yes, exactly.

Mr. THORSON: In other words, the Meritorious Clause is intended to cover cases for which no provision is made in the Act and also cases for which provision has been made in the Act.

Col. THOMPSON: That is absolutely so.

Mr. THORSON: Provided in the latter type of cases there are exceptional circumstances.

Col. THOMPSON: Exactly so.

Mr. CLARK: And you have never found any exceptional circumstances as yet, if your statement is right that none have been granted—

Col. THOMPSON: I can tell you definitely if I draw the files and run over them.

Mr. THORSON: I think we should have this matter cleared up—

Mr. CLARK: I am only speaking of the point with regard to the administration of the Meritorious Clause.

Mr. THORSON: —because complaint has been made along that line, that if provision were made elsewhere in the Act for the treatment of a case of that sort, there was no use in bringing it before the Board of Pension Commissioners.

Col. THOMPSON: I think there is one very close to that.

23. Deserted mother:

Enlisted June, 1917;

Discharged 25.1.19. Service in France;

S.A. & A.P. to mother;

Prior to enlistment voluntarily underwent an operation to make himself fit;

During service incurred a wound of the head and suffered slightly from neurasthenia. He lived in western Canada yet was discharged from Montreal. He was furnished with transportation to his home in the West. He disappeared and his transportation was never used. There is a possibility that the head wound and the condition of neurasthenia were worse than the documents revealed but while no reasonable doubt existed in this regard, the Board is of opinion that the case is one which justified an award under the Meritorious Clause.

Boy had supported his mother. Mother dependent upon her son for support as her husband had deserted her and was a worthless individual.

Pension awarded under meritorious clause effective from November 1, 1924, at which time the mother became incapacitated for work.

Pension awarded under Meritorious Clause.

[Col. Thompson.]

Mr. THORSON: There is no indication of where the boy was?

Col. THOMPSON: He disappeared. I have my own idea what happened to him. He was advertised for very widely, but my guess is that he died in Montreal.

24. Disability claim:

Enlisted October, 1915;

Discharged April, 1919; service in France;

Received gunshot wound with injury to the tendon and median nerve.
Admitted to hospital for treatment.

While there was exposed to infectious disease (encephalitis lethargica) which caused very serious additional disability;

Not pensionable under provisions of the Pension Act for encephalitis lethargica but as hospital was under control of the government recommendation was made by Board of Pension Commissioners and Federal Appeal Board that the pensioner be awarded a pension under Meritorious Clause with effect from July 19, 1924;

Pension awarded under Meritorious Clause.

25. Disability claim:

Enlisted July, 1915;

Discharged December, 1917; service in France;

Neurasthenia and D.A.H. incurred during military service;

Board of Pension Commissioners refused pension for these conditions in 1919.

Decision of Board of Pension Commissioners confirmed by Federal Appeal Board.

These decisions later considered to be in error and "meritorious" award made effective from August 1, 1918.

Pension awarded under Meritorious Clause.

Sir EUGENE Fiset: The time limit had expired, was the reason for the refusal?

Col. THOMPSON: No, the Board noted entries on his documents which were very material to his case.

Sir EUGENE Fiset: The time limit had expired.

Col. THOMPSON: Yes, for asking the Board of Pension Commissioners to reconsider his case.

26. Illegal widow:

Enlisted March, 1915;

During service he met a woman with whom he went through a form of marriage in January, 1916;

Died of wounds in September, 1916, leaving legal widow and a woman with whom he had gone through a form of marriage. She was ignorant of his legal marriage at the time the ceremony took place.

Legal widow remarried, pension accordingly discontinued.

The woman he married on service was awarded pension under Meritorious Clause as if she had been his legal widow with effect from July 19, 1924.

Pension awarded under Meritorious Clause.

[Col. Thompson.]

27. Sister, mentally deficient:

Killed in action April 9, 1917;

Deceased soldier prior to enlistment was the mainstay of the father, mother and disabled sister. He assigned \$20 a month to his father and had the father applied for it he would have been entitled to separation allowance and possibly assistance from the Patriotic Fund.

Upon the death of the soldier the parents were awarded full pension and the daughter was supported out of this money.

The father and mother died.

As the Statute provides that not more than one pension should be awarded in respect of the death the Board has no power to grant pension to the sister.

The sister is mentally deficient, is in very poor health and is unable to work.

She was taken into the home of a family in no way related to her and this family has been caring for her.

Compassionate pension at the rate of \$20 a month was awarded.

Pension awarded under Meritorious Clause.

Mr. THORSON: What is the date of that award?

Col. THOMPSON: I have not got it before me.

28. Widow married subsequent:

Enlisted in January, 1915;

Discharged in July, 1919;

Haemorrhage in February, 1918, sputum positive;

After treatment in England for tuberculosis he was married in June, 1918;

Returned to France;

There are several incidents on service of an exceptional character;

Pension awarded under Meritorious Clause with effect from November 1, 1925.

Pension awarded under Meritorious Clause.

29. Widow married subsequent—engaged prior:

Enlisted December, 1915;

Discharged December, 1917—service in France;

Married June 1, 1919;

Died June 6, 1920—chronic endocarditis;

Discharged to 20 per cent pension—debility and dyspnoea due to V.D.H. c.o.a.a.

Couple were of mature years and had been engaged for a number of years (since 1912) and were married within a reasonable time after the death of the woman's father for whom she was caring and who was in a precarious state of health for a number of years which prevented marriage at an earlier date.

Pension awarded under Meritorious Clause with effect from July 1, 1925.

Sir EUGENE Fiset: I notice, Col. Thompson, that in every one of these cases you have approved, the question of the actual estate of the man was not taken into consideration; that is, no remarks were made on that, but in every case you have refused, the estate was taken into consideration. Why was that?

Col. THOMPSON: Not necessarily. Those are some of the circumstances.

Sir EUGENE Fiset: Yes, but in every case you have refused, the question of the estate was brought to the fore.

[Col. Thompson.]

Col. THOMPSON: Because an investigation is made as to the condition of the family in every application.

Sir EUGENE Fiset: I wanted to know the reason, because it struck me as very queer.

Col. THOMPSON: With regard to those allowed by the Board of Pension Commissioners, there was no estate of any kind.

The CHAIRMAN: Have you anything further to say with reference to the Meritorious Clause?

Col. THOMPSON: I have read those because I thought it would give the Committee a line on the general run of cases allowed, and those refused by the Appeal Board, those refused by the Board of Pension Commissioners and allowed by the Federal Appeal Board, and those refused by both Boards, which may enable the Committee to decide whether the Act should be changed at the present time.

Mr. THORSON: Have you any comment to make upon the three suggested changes in the machinery?

Col. THOMPSON: Personally I think the one made by the Minister is by far the most preferable.

Mr. THORSON: To set up a separate Board.

Col. THOMPSON: Two from each, with the deputy minister or his representative. If none of these propositions are acceptable to the Committee, I have another one to make.

Mr. THORSON: Let us have it.

Col. THOMPSON: That is, that all of these cases be considered by the Federal Appeal Board alone, and not by the Board of Pension Commissioners. The Board of Pension Commissioners have no desire to hear them.

Mr. BLACK (Yukon): And the Board of Pension Commissioners be done away with?

Col. THOMPSON: We have no desire to pass on the Meritorious cases at all.

Sir EUGENE Fiset: There is another consideration that has not been brought forward, and that is the fact that these cases are all submitted to the Governor General in Council. In making your recommendation, or a recommendation coming from the Appeal Board jointly with the Board of Pension Commissioners, are all the facts stated in the report attached to the Order in Council when these cases are submitted. In other words, does the Governor General in Council sit in judgment over the case?

Col. THOMPSON: They pass through automatically when recommended by both Boards.

Mr. CLARK: Have not cases been refused by the Governor General in Council?

Col. THOMPSON: No.

Mr. BLACK (Yukon): How do you apply the Meritorious Clause to a case? For instance, an application is made by a man and refused, and then his appeal is refused. In each case, do you consider whether you should apply the Meritorious Clause or not?

Col. THOMPSON: No sir.

Mr. BLACK (Yukon): How do you come to apply it?

Col THOMPSON: An application is made by the applicant.

Mr. BLACK (Yukon): Otherwise you would not apply it?

Col. THOMPSON: No. Wait a minute, I am in error about that. The Board of Pension Commissioners initiated the proceedings with regard to a man who had received the injustice at the hands of both Boards.

Mr. ADSHEAD: You initiated that case?

[Col. Thompson.]

Col. THOMPSON: Yes. With regard to the others, no.

Mr. ADSHEAD: To correct an error.

Col. THOMPSON: Yes.

Mr. McPHERSON: Your statement of cases shows a fairly consistent method of dealing with them with the exception of one or two cases where the Appeal Board made a recommendation. I think it was No. 2 or 3 of those to which you referred. One of those looks to me, personally—

Col. THOMPSON: It was refused by both Boards.

Mr. McPHERSON: There was one which struck me as being a rather peculiar decision of the Board.

Mr. BLACK (Yukon): How do you bring that Meritorious Clause ordinarily into play?

Col. THOMPSON: Ordinarily the application is made by a letter written by somebody to the Board of Pension Commissioners or to the Federal Appeal Board asking that the case be considered under the Meritorious Clause.

Mr. BLACK (Yukon): If pension has been refused?

Col. THOMPSON: Yes.

Mr. ADSHEAD: Very likely a soldiers' adviser.

Col. THOMPSON: It may be done by anybody.

Mr. ADSHEAD: But it is usually a soldiers' adviser?

Sir EUGENE Fiset: Or a member of parliament.

Dr. KEE: Or an association.

Mr. BLACK (Yukon): Does the Board of Pension Commissioners or the Appeal Board ever say, "Well, although we cannot grant a pension regularly in this case, it is a meritorious case, and we will apply this section?"

Col. THOMPSON: I do not quite catch your question.

Mr. BLACK (Yukon): Surely that is clear enough. Take a case where an application for pension was made, and refused by the Board of Pension Commissioners and the Appeal Board, does either Board say, "Although we cannot grant this pension on its merits, this is a case for the application of the Meritorious Clause". Let us start from that angle.

Col. THOMPSON: No, we do not do that, unless application is made for a pension under the Meritorious Clause.

Mr. BLACK (Yukon): Otherwise there would be no action taken?

Col. THOMPSON: No, except the one of which I spoke.

Mr. McPHERSON: The case I am referring to was the first one refused by both Boards, and the second was allowed by the Appeal Board, with apparently very little distinction between them.

Col. THOMPSON: The first was disallowed by them, and the second was allowed by them?

Mr. McPHERSON: Yes, have you any idea at all as to how you could make a distinction in those two cases?

Col. THOMPSON: No.

Mr. McPHERSON: They are practically the same.

Col. THOMPSON: I cannot see the distinction in any of them.

Discussion followed.

Witnesses retired.

[Col. Thompson.]

H. COLEBOURNE recalled.

THE WITNESS: Mr. Chairman and gentleman: I want to take this opportunity of referring back to several general resolutions of the Army and Navy Veterans in regard to outside pensions. In the first case, you will remember, we brought in a resolution in regard to the question of soldiers' advisers, and we submitted that the time had arrived when some assistance should be rendered to the soldiers' advisers. I find, speaking generally, that the difficulties of the soldiers' advisers may be enumerated as I quote them. In large centres a great portion of the time is taken up with interviews on all conceivable subjects, and a corresponding lack of opportunity for concentration upon cases for hearing. In a large centre it is impossible to put in adequate time in the outlying districts and at the same time keep abreast of the work. Also the length of time spent in satisfying applicants that everything has been done for them. I think, Mr. Chairman, that this would be an opportune time for a general review of the work of the soldiers' adviser, and also consideration in respect of the remuneration they receive. I think the remuneration ranges from \$150 a month to the maximum at the present time of \$300 a month. We brought this question up at our convention, more particularly with regard to Winnipeg, and the Department has already arranged in respect to Winnipeg to supply Mr. Bowler with an assistant, and the conditions in Winnipeg apply more or less throughout the country. I think from the information I have that probably something should be done in the way of assistants at both Montreal and Toronto, and also at Quebec City. I do not know that I have anything more to say about that, because I feel this is a question which will receive the fullest possible consideration at the hands of the Committee.

MR. CLARK: I would like to ask—it seems to me that in certain centres the soldiers' advisers are looking after the interests of the soldiers better than in other centres.

THE WITNESS: That may be, and that is why I suggest the soldiers' advisers situation should be reviewed.

Discussion followed.

MR. THORSON: What do you think of the suggestion of a conference to be arranged between the soldiers' advisers themselves in order to ensure uniform treatment?

THE WITNESS: I think it is very necessary. I think they should meet at least once a year.

In speaking about the Vet Craft Workshops I want to say that it is in no spirit of criticism against the Department, but only a few suggestions which may be helpful for the work.

The evidence already submitted by the various witnesses who have appeared before the Committee proves conclusively that the number of problem cases more particularly in connection with ex-service men who are prematurely aged by reason of war service is increasing by leaps and bounds and the situation will be more difficult of solution as time goes on.

It would appear that with entire reorganization the Vet Craft Shops would be in a position to take care of a great many of these problem cases, as, at the present time, the number of saleable articles manufactured at these shops could be augmented very considerably. This work should include principally articles in common use in every household.

If the overhead expenses, such as cost of buildings, rent, taxes, heating, lighting, equipment, etc. were borne by the federal government, the purchase of raw material, wages, etc. would properly be a charge upon the cost of manufacture, and with the elimination for the present of overhead expenses, should

[Mr. H. Colebourne.]

enable the Vet Craft Shops to compete successfully in the ordinary market. The prices to be charged to the public not to exceed the usual prices of ordinary manufacturers.

Careful consideration should be given to the question as to whether the articles now being made in the Vet Craft Shops are the best from a marketable point of view. The number of articles manufactured and the relatively small personnel employed suggests that there should be considerable augmentation in both respects.

Immediate investigation should be made as to what is now done in other countries in this connection, more particularly in regard to the methods employed in the Workshops for the Blind, the Church Army, London, England, and the Lord Roberts Workshops established in Great Britain which I understand have now been taken over by the government.

Decision having been made as to what articles should be manufactured, the question of the disposal of the goods should be a most important factor in connection with the scheme.

In the salesmanship end of the proposition, special attention should be given for the present to the elimination of the middleman so as to reduce the cost of salesmanship. The wholesaler should be approached direct by the Vet Craft Shops, and thus do away with a lot of detail, and it should be pointed out that by making purchases considerable assistance is being rendered to ex-service men. This would be an excellent talking point.

The interest of the general public should be enlisted in the scheme by judicious advertising and other forms of publicity, in fact every attempt made to restore the wonderful co-operative spirit which existed in time of war in the present attempts of ex-service men to re-establish themselves in these days of peace.

In short, an aggressive policy in regard to these Vet Craft shops should be established without delay.

I have been asked to submit to this Committee a telegram sent by our Victoria unit as follows:

Major A. Lyons, Member of Legislature, this province, is moving following resolution. That this house is of the opinion that free medical treatment and hospitalization be provided for all returned soldiers who are in need of such by the Government of Canada. This unit has endorsed the resolution and suggest that command endorsation be wired immediately.

The endorsation of the Dominion Command has been sent to Victoria.

Mr. McPHERSON: I think we can take it for granted that will pass the House.

The CHAIRMAN: That was submitted by Mr. Myers.

The WITNESS: I have a few words to say in regard to the question of prematurely aged men. I do not know whether the Committee is aware of the fact that the Imperial authorities already have a scheme by which provision is made to take care of what they call "Old Campaigners" at the age of 65. When they reach 70, the whole thing comes under the Old Age Pensions Act in England. For the information of the Committee I will read the arrangement which they have, and leave it as part of the record, if you think that is desirable.

[Mr. H. Colebourne.]

Article 1170 Royal Pay Warrant, 1914—as amended, with effect from 1st April, 1920, by Army Order 55/1921

1170. Special Campaign Pensions may be granted to discharged European soldiers who enlisted into our Regular Forces for the ordinary term of service, under the following conditions:—

- (a) The recipient must have received a War Medal for service while so enlisted.
- (b) He must have attained the age of 65 years.
- (c) If already in receipt of a pension in respect of his service, he must surrender such pension.
- (d) His weekly income, apart from Army Pension, must not exceed 19s

The daily rates of pension shall be determined according to the following scale:—

Weekly Income	Weekly rate of pension		
	Under 14 years' service	14 years' service and under 16 years' service	16 years' service and upwards
	s.	s.	s.
Not exceeding 10s.....	10	12	14
“ 12s.....	8	10	12
“ 14s.....	6	8	10
“ 16s.....	4	6	8
“ 18s.....	2	4	6
“ 19s.....	1	3	5

A Campaign Pensioner who is not given a pension under the Old Age Pensions Act, 1908, and is in receipt of less than 14s. a week Campaign Pension may be granted an increase up to that rate, at or after the age of 70, if his means, exclusive of the pension, do not exceed 5s. a week. If his means exceed 5s. but do not exceed 6s. a week, his Campaign Pension may be increased to 12s. a week.

NOTE: The income of a married man living with his wife will be estimated at one-half of the total combined income of the couple.

I would like to inform the Committee through you, Mr. Chairman, that I have been successful in getting several pensions through to old Imperials, some of them who served in the C.E.F. and had no disability at all. I do not know that I have anything further to say.

The CHAIRMAN: That is in line with your suggestion of Old Age Pensions?

The WITNESS: Yes.

Witness retired.

The Committee adjourned until 4 p.m.

The Committee resumed at 4 o'clock p.m., Mr. McPherson, the Vice-Chairman, presiding.

The VICE-CHAIRMAN: We will deal now with the resolutions submitted on behalf of the Amputations' Association, the Sir Arthur Pearson Club for blinded soldiers and sailors, and the Canadian Pensioners' Association. The first is on "Retroactivity of pension payments." "It is submitted that all pension increases

[Mr. H. Colebourne.]

granted to amputation cases under revision of disability ratings, should be made retroactive to the date of the discharge of the pensioner, and not from the date of the decision of the Board of Pension Commissioners to adjust."

Now, Col. Thompson, we want to get your ideas as to the effect of that.

Col. THOMPSON, Dr. KEE, and R. J. PATON recalled.

Col. THOMPSON: On the 30th of June, 1916, by Order in Council P.C. 1334, the first sketch of the table of disabilities was introduced. Later on in November, 1916, the same year, the first table of disabilities was approved. This was not made retroactive. Nothing was done until 1919, when the Pension Act was under consideration. The table was then considered by a Parliamentary Committee and it was approved by the Parliamentary Committee, and it was also altered, but it was not made retroactive.

By Mr. Thorson:

Q. Is that table part of the Act?—A. No, the Act provides that the Board of Pension Commissioners shall prepare a table of disabilities.

Q. What section provides for that?

Dr. KEE: Section 25 of the original Act, subsection 2.

Mr. PATON: Section 24, subsection 2 of the revised statute.

Col. THOMPSON: At the top of page 12: "The estimate of the extent of a disability shall be based on the instructions and the table of disabilities shall be made by the Commission for the guidance of the physicians and surgeons making medical examinations for pension purposes." As I have said, the first sketch of the table of disabilities was on the 3rd of June, 1916. Then, the first real table was prepared later on in the year, in November, 1916, and was not made retroactive. Then, in 1919, that is three years after, the Pension Act was introduced, and when this was being considered, the table of disabilities then in existence was considered by the Parliamentary Committee. It was approved in the major part, and it was altered in some respects. It was not made retroactive. In 1922 and 1923, the table of disabilities was considered by the Ralston Commission on pensions, and was not altered, and no recommendation for retroactivation was made. Then the following year, 1924, the table was considered by the Parliamentary Committee, and alterations were made. The table was not made retroactive. This is the one which the Amputations Association are now asking to be made retroactive. I would point out that in 1924, by the Statute, wear and tear of clothing allowance recommended by the Parliamentary Committee was made statutory, but was not made retroactive. It would appear to me that this wear and tear of clothing is in the same standing exactly as the table of disabilities. The allowance in respect of wear and tear of clothing being under section 26, paragraph 4, Allowances.

Mr. THORSON: Paragraph 3, is it not?

Col. THOMPSON: Three and four, yes. It provides for \$54 with regard to a leg amputation, and \$22 with respect to an arm amputation. That came into effect on the 27th of June, 1925, and has been operative since June, 1925. Now, wear and tear of clothing in amputation cases or where orthopaedic appliances are required by the pensioner—the wear and tear of clothing was the same in 1916 as in 1925, and the same during all those intervening years, yet Parliament did not make that provision retroactive. Then along the same lines is the question of helplessness allowance. The men who were helpless in 1915 and 1916, and so on, who were say, totally paralysed, required the same assistance and the same money to enable them to feed themselves and so on, and to take care of themselves. They required the same allowances in 1915 as they do now in 1928. There was a helplessness allowance, as a matter of fact, provided for in 1919, but it was not made retroactive. Then this was enlarged

[Col. Thompson.]

and increased in 1920, but it was not made retroactive. Then, in 1925, it was increased still further, yet in none of these instances was the allowance for helplessness made retroactive, although the condition of the man was exactly the same during all those years. Now, I point out that a number of other provisions were made by the Board of Pension Commissioners on their own initiative, arising out of their own experience, and which were not made on the recommendation of any Parliamentary Committee, and none of these have been made retroactive. The conditions in respect of which the table has been altered have been eye conditions, heart conditions, kidney conditions, diabetes, tuberculosis, and gastric ulcers; the table in regard to these diseases and conditions have been altered from time to time by the Board, yet in no instance has it been made retroactive. That is all I have to observe with regard to that. The recommendation came in late last night, about five o'clock, and there has been no possibility of arriving at a conclusion as to the cost, or even an estimate of it. Could that be done, do you think, doctor?

Dr. KEE: As to what it would cost? I think so. I think it could be done. We could ask the department to do it. It would take a week or so probably.

The VICE-CHAIRMAN: Do I take it from your statement Colonel, that in so far as making pensions for amputations retroactive, it would also have the effect of opening up the various tables that have been made for other classes. that have not been made retroactive?

Col. THOMPSON: Oh, yes, I think they would all ask to have them opened up.

The VICE-CHAIRMAN: Are there any questions any one wants to ask the Colonel on the retroactivity of pension payments? If not, we will go to the next one. No. 2, "Pensions to Dependents." I think we have already had that. Then the third one is "Returned Soldiers Insurance Act." That has been discussed. The fourth is "Hospitalization and Medical Examinations."

Col. THOMPSON: Medical treatment for all members of the forces.

The VICE-CHAIRMAN: That also has been covered.

Mr. THORSON: Col. Thompson would not have anything to do with that. Then there is No. 5.

Col. THOMPSON: That just leaves the Minister's suggestions.

The VICE-CHAIRMAN: That clears the slate, except the Minister's suggestions. I think we had better have Col. Thompson begin that, and he may be able to finish it yet to-day. I may say for the information of the members of the Committee that there are no more witnesses to be heard who do not live in Ottawa. They have been cleaned up.

Col. THOMPSON: The first suggestion refers to section 2 of the Revised Statutes, sub-paragraphs (*m*) and (*o-i*). (*m*) refers to that old word "disability". The proposition is to change that to "injury or disease". A pension means a pension paid on account of the death or disability. That is the way the section reads. The section would read: "Pension means a pension on account of the death or disability or disease."

Mr. SPEAKMAN: Is not the change to be "shall" instead of "may"?

Mr. THORSON: Why do they not use the same wording in either case?

Col. THOMPSON: In the fourth line of "*m*" the Statute reads; "final payment or any other payment made by the Commission". Now the Commission does not make any payments. They are as a matter of fact, made by the Department, and the proposal is to change the wording so that it will read, "Any other payment awarded by".

Mr. THORSON: It is merely the correction of a word or two.

Col. THOMPSON: "Contracting diseases". The words which are changed are underlined in the Minister's suggestion.

The VICE-CHAIRMAN: That is only a matter of correct wording.

Mr. THORSON: "Sustained injury or disability or contracted disease."

Col. THOMPSON: The same thing applies to *o-i* and *o-ii*. Let us take *o-i* first; the fourth line reads:

sustained injury or disability.

The new reading will be:

sustained injury or contracted disease.

That brings it into conformity with No. 2.

Mr. THORSON: Have there been many cases refused?

Col. THOMPSON: It is merely to make it clear.

The VICE-CHAIRMAN: Section 13, is the next one that is amended.

Mr. McLAREN: Before leaving section (o), "contracted disease" by reason of the hostile act of the enemy"—how would that affect the position of a man who contracted disease not by the act of a hostile enemy but in the ordinary way; how would he be affected, does it put a limitation upon it?

The CHAIRMAN: That is explanatory of a disability incurred in the actual theatre of war. It is a sub-clause.

Mr. McLAREN: Quite so. But he could contract a disease in the front line trenches without the enemy being responsible for it, simply being there in that position.

Mr. CLARK: But he would be in the presence of an enemy.

Mr. McLAREN: Yes, but it says, "contracted by the act of a hostile enemy." The enemy might have nothing whatever to do with it.

Mr. ILSLEY: It is only in connection with allied armies that that comes in.

The CHAIRMAN: This would cover cases of men injured by bombs.

Col. THOMPSON: Look at Clause (ii) of No. 13.

Mr. McLEAN (Melfort): No. 2 has the same thing. Do you intend to close them out?

Mr. SPEAKMAN: It is only to clarify the wording. It will not alter the effect, because it is by a hostile act of the enemy.

The CHAIRMAN: The present statute defines it.

Mr. THORSON: The point Mr. McLean has in mind is this; supposing a man in Canada had been injured through a hostile enemy; Canada would not be one of the military zones, yet it would come in under the second part of this section as a theatre of war.

Dr. KEE: Yes, and he would draw his pension in a theatre of actual warfare.

Mr. THORSON: Because in that isolated case he contracted injury or disease by a hostile act in the zone of war. It does not make a particle of difference how he got the disease.

Mr. McLEAN (Melfort): I do not think the man in the street would read it that way.

Mr. PATON: Perhaps if I read it, it will be clear. Section 11 (b):—

No deduction shall be made from the degree of actual disability of any member of the forces who has served in a theatre of actual war on account of any disability or disabling condition.

and so forth. That is simply defining what a theatre of war is, for the purpose of section 11 (b), or any other place where the words, "theatre of actual war" are used.

[Col. Thompson.]

Mr. McLEAN (Melfort): I understand that, but I cannot understand, "contracted disease directly by the hostile act of an enemy."

Mr. PATON: That means when he has contracted it, wherever it may be.

Dr. KEE: Even here in Ottawa?

Mr. THORSON: He is covered by the words "zone" without qualification.

Mr. PATON: He is covered by section 11 (a).

The VICE-CHAIRMAN: This is an extension rather than a restriction.

Mr. McLEAN (Melfort): This would be limiting a man's pensionable right where he had sustained injury or contracted disease by reason of a hostile act of an enemy. I am not satisfied with the wording, but I am satisfied with the assurance that he is otherwise covered.

The VICE-CHAIRMAN: It would mean that a man in France two miles from the battle-line—blown up two miles from the battle line would not be able to get a pension if that is the interpretation to be put on it.

Dr. KEE: These words are very important. In aggravation cases, something goes wrong, and something goes wrong in Canada. He gets his injury, therefore it makes Canada a theatre of war. If it was not done by the actual act of an enemy he only gets aggravation.

Mr. McLEAN (Melfort): But he would get a pension for aggravation?

Dr. KEE: Yes, if a German aeroplane flew over here. We considered the coast of Nova Scotia as being in the theatre of war. They were out with the destroyers there. It is very important to leave that in, in the man's own interest.

Mr. McLEAN (Melfort): It appears to be very complicated language.

Mr. BARROW: Have I permission to ask a question?

The VICE-CHAIRMAN: Yes.

Mr. BARROW: The proposal which says, "has sustained injury or contracted a disease directly by a hostile act of the enemy," might read, "sustained an injury or contracted a disease, or the aggravation thereof." Would that not include the aggravation cases? It rather appears, at the present time, that aggravation by a hostile act might not bring the man within the theatre of war.

Dr. KEE: It is covered in another part of the statute. This is purely a definition of the theatre of war, nothing else. When you have the theatre of war established, then you can apply all the other sections of the Act to it.

Mr. PATON: That is covered in Section 11 (b).

Mr. THORSON: It might be better to say, "and", instead of, "or".

The VICE-CHAIRMAN: I think we would only get into trouble then.

Col. THOMPSON: The next one is Suggestion No .2. It is proposed to amend the first proviso in Section 13. The proviso is:—

that where there is an entry in the service or medical documents of the member of the forces by or in respect of whom pension is being claimed showing the existence of an injury or disease which has contributed to the disability in respect of which pension is claimed, such entry shall be considered an application as of the date thereof for pension in respect of such disability.

The amendment would add to the service documents, an entry in the files of the Department. I might say that that is the practice now, the Board always takes an entry in the files of the Department.

Sir EUGENE Fiset: The responsibility would rest on the Board of Pension Commissioners to treat that as an application for a pension. That would eliminate a direct application from the applicant.

Mr. THORSON: It enlarges the meaning of the term "application."

SIR EUGENE Fiset: We have been told by the Board of Pension Commissioners, and they have repeated the statement, that in the case of an application for pension they are not dealing with anything else, other than a direct application from the applicant. In this case, any note on the military sheet or the documents of the soldier will be considered as a direct application by the Board of Pension Commissioners.

The VICE-CHAIRMAN: The clause says, "where there is an entry," and so forth, that it shall be considered an application?

Col. THOMPSON: Yes.

The VICE-CHAIRMAN: You do not go through the files until a formal application has been made?

Col. THOMPSON: Oh, yes.

The VICE-CHAIRMAN: Even if the soldier never asks for it?

Col. THOMPSON: If we should come across it. Supposing that years after his discharge he comes and asks for a pension, we would consider that entry there as the date of his application. That would prevent his being barred under the statute of limitation.

Mr. THORSON: It has an important bearing on the retroactivity.

Col. THOMPSON: No. 3, is amending Section 16. Section 16 of the Act is repealed, and a new section substituted. Section 16 reads:

When the Commission is of opinion that the pensioner is incapable of expending or is not expending the pension in a proper manner, or that he is not maintaining the members of his family to whom he owes the duty of maintenance, the Commission may order that the pension be paid to such person as it may appoint, in order that the money may be expended by him for the benefit of the pensioner and the members of his family.

The expenses connected with such payment, if any, shall be paid by the Commission.

The amendment is:

when the pensioner appears to be incapable.

The words "appears to be" have been added.

incapable of expending or is not expending the pension in a proper manner, or that he is not maintaining the members of his family, the Commission may order that the pension be administered for the benefit of the pensioner and the members of his family, by the Department, or by some person selected by the Commission.

I do not think that the words "appears to be" make any difference at all, and the rest of the amendment is in line with the other proposed amendments. We have always considered the Department as a person under the statute, whether rightly or wrongly.

Mr. BARROW: May I ask two questions on that point? I do not know whether Colonel Thompson is in position to answer these. Apparently subsection 2, of section 16 has been omitted. Subsection 2 reads:

The expenses connected with such payment, if any, shall be paid by the Commission.

The Minister's amendment repeals section No. 16, and I was wondering just what the intention was in omitting that subsection.

The VICE-CHAIRMAN: It may be an entire oversight, and that they intended to repeal only the first clause.

Mr. BARROW: What is the definition of "Department?" I think that is the first time the word has been used in the Act.

[Col. Thompson.]

Col. THOMPSON: I understand that will be defined in the Bill which the Minister will introduce. It is the new department.

Mr. ILSLEY: What are the expenses in connection with such payments, in subsection 2?

The VICE-CHAIRMAN: There might be no expenses, but it is to protect the pensioner from having it deducted.

Mr. McLEAN (Melfort): There would inevitably be some expenses, in a great many cases?

Col. THOMPSON: As a rule, no.

Mr. POWER: The expenses of naming a trustee, and court expenses.

Col. THOMPSON: The Board has, in certain cases, paid money into court.

Mr. THORSON: The case of paying money into court, or something of that kind?

Mr. ILSLEY: The new amendment does not mention any payment at all. The amendment proposes that the Commission shall direct that the pension be administered, apparently always by the Department.

Mr. PATON: Or by some person selected by the Commission.

Discussion followed.

Mr. McLEAN: Let us suppose a case in a small village forty miles from Ottawa where you receive a report that there is a pensioner not doing as he should. You have to investigate that case in order to decide whether it should be administered by someone else or not?

Col. THOMPSON: Yes.

Mr. McLEAN: Would there not be some expense attached to that?

Col. THOMPSON: Yes, but that is paid out of the departmental funds, or by the Commission.

Discussion followed.

Col. THOMPSON: Section 18 of the Pension Act now reads:

If a disability or death for which a pension is payable under this Act is caused under circumstances creating a legal liability upon some person to pay damages therefor, the Commission, as a condition to payment of the pension, shall require the pensioner to assign to His Majesty any right of action he may have to enforce such liability of such person or any right which he may have to share in any money or other property received in satisfaction of such liability of such person.

2. The cause of action so assigned may be prosecuted or compromised by the Commission and any money realized thereon shall be paid into the Consolidated Revenue Fund of Canada.

3. Any money realized thereon in excess of the capitalized value of the pension awarded and the costs, if any, of the recovery shall be paid to the pensioner.

The proposed amendment reads:

When a member of the Forces becomes entitled to an increase in pension by reason of any injury in respect of which he recovers any damages or receives any compensation, no payments shall be made on account of such pension or increase in pension until there has been withheld an amount equal to the damages or compensation so recovered or received by the pensioner.

It would appear to me that this is a very proper amendment. Presently, if a man is suffering from a disability, and is working in a factory and sustains

[Col. Thompson.]

an injury which increases his disability, and the injury causing that increased disability is considered to be original war disability, his pension is increased up to the extent of the then combined disabilities. He then goes to the Compensation Board and receives possibly a very high compensation which he puts in his pocket, in addition to getting his full pension. In this suggested amendment any pension to which he might be entitled by way of increase shall not be given until the amount he has received by way of compensation has been used up. That is rather a weak way of putting it. The opinion of the Justice Department was that such compensation paid to a man under those conditions was not in the nature of damages. "Damages" have a special meaning in law and as only damages are specifically referred to in section 18, the compensation paid, even if of a very large amount, would not be considered in conjunction with an increased pension.

The VICE-CHAIRMAN: Are there any questions on this point?

Col. THOMPSON: I would suggest that to this amendment there be added, after the word "injury" in the second line the words "or disease." The amendment would then read, "When a member of the Forces becomes entitled to an increase in pension by reason of any injury or disease in respect of which he recovers any damages or receives any compensation," and so forth. I think that is very material, because, for instance, there are a number of occupations which cause industrial diseases, by the very nature of the industry, and if a man is on pension for a certain condition and his occupation in that industry causes an increase in his pensionable disability, he would be entitled to an increase in his pension and may also be entitled to a very considerable compensation.

Mr. BARROW: If my interruption is not objectionable, I would like to say that under the present Act the man assigns his right to sue, and the Board sues. Under the proposed amendment the man does the suing. What guarantee has the Commission that the man will take any action? I would like to see it ensured that there will be no coercion upon the pensioner to force him to take legal steps, perhaps by stopping his pension or in some manner like that.

Furthermore, I would like to offer the suggestion that the pension be continued at the previous rate, and that any increase to which he may be entitled by reason of the accident or whatever it may be, be not put into effect until the compensation would be used up. In other words, rather than stop the whole pension we would ask that the amendment be modified to permit a continuance of the previous pension and hold the increased payments in abeyance until the compensation has been used up.

Mr. SCAMMELL: There are two words in this draft by accident. The words "pension or" in the fourth line should come out.

Col. THOMPSON: I think that covers Mr. Barrow's objection. Those two words should come out.

The VICE-CHAIRMAN: It would then read: —

When a member of the Forces becomes entitled to an increase in pension by reason of any injury or disease in respect of which he recovers any damages or receives any compensation, no payments shall be made on account of such increase in pension until there has been withheld an amount equal to the damages or compensation so recovered or received by the pensioner.

That does not take away the pension, as it stands.

Mr. BARROW: In regard to the other point: what guarantee has the Commission that the man will take any action?

[Col. Thompson.]

Col. THOMPSON: There is nothing compelling a man to take any action. This new amendment is rather in favour of the man. Under the old section, as a condition to the payment of the pension it says, "The pensioner to assign to His Majesty any right of action."

Mr. BARROW: Under the old section the Board had to do the work.

Col. THOMPSON: There is no suggestion in section 18 that a man be compelled to take any action. He simply became entitled to receive, "any right which he may have to share in any money or other property received in satisfaction of such liability of such person."

Mr. THORSON: The explanatory note says that this is a doubtful validity. Is there any question about it?

Col. THOMPSON: I think that comment is entirely wrong. "Ineffective" is what it should be, because where a man is awarded compensation, that is not damages. A man may receive \$20,000 under the Workmen's Compensation Act, and he can keep that and put it in his pocket, and still get the increase in pension because that compensation is not damages under the present Statute. Under the amendment that would have to be taken into consideration.

Sir EUGENE Fiset: Is it not a fact that at the present time, if a pensioner is employed in the Civil Service he is entitled to his full pension as well as his full salary as a Civil Servant?

Col. THOMPSON: I do not know what the Civil Service pays, but we pay his pension.

Sir EUGENE Fiset: You ought to know, because you gave me your opinion. I wrote and asked you if the fact that a man was receiving a pension would debar him from receiving his salary as a lighthousekeeper. That was in my own constituency—

Col. THOMPSON: Oh, your question, I think, was the other way around. You asked me if a man accepted employment as lighthousekeeper, if we would continue to pay his pension and I said yes.

Sir EUGENE Fiset: You do not make any deductions from a man's salary employed in the Civil Service, why should you deduct any portion of his pension or compel him to pay any drawbacks if he is injured? It seems to me that you are departing from your principle.

Col. THOMPSON: A salary is not the same as damages.

Mr. ILSLEY: How can a man be pensioned for an injury which entitles him to compensation or damages? How can he have his pension increased if it is not attributable to service?

Col. THOMPSON: It must be attributable to service before his pension is increased.

Mr. ILSLEY: Will you give me an instance of that?

Col. THOMPSON: Yes. A man is suffering, we will say, from epilepsy and is employed in a factory, falls on a saw and has his arm cut off. We would increase that pension up to 60 or 70 or 80 per cent. He might also get a large compensation from the Provincial Board in connection with that industrial loss, and, presently, he can put that in his pocket, because it is not damages.

Mr. THORSON: Similarly, if a man in classes 1 to 5 is injured through the negligence of someone also, this clause would come into play?

Col. THOMPSON: The clause becomes effective. The only case where His Majesty can collect at the present time is where there is tort, but in cases other than tort, there is practically no recovery possible.

Mr. McLEAN (Melfort): There is a condition about which I would like to ask Col. Thompson a question. You dealt the other day with cases where

[Col. Thompson.]

an aggravation of disease or disability would result in an increased pension to the extent of 50 per cent of the disability. A man enters the forces with a disability, and it is aggravated on service. You paid in the case we are discussing, a 50 per cent pension. As the condition was further aggravated since the war, you paid an increased pension up to the extent of the aggravation?

Col. THOMPSON: You mean that the ratio was maintained?

Mr. McLEAN: Yes. Now that man goes to work in a factory, and in the course of travelling on the street, he sustains an injury which brings in a substantial sum of money by way of compensation. You are only paying a 50 per cent pension for his disability, but you propose to retain all of the compensation received in that case. Under the amendment suggested by Mr. Scammell, the increase in the pension is to be disallowed until there has been withheld an amount equal to the total damages received by the person. Under this amendment you propose to retain all the money paid under the Compensation Act for injuries for an accident.

The VICE-CHAIRMAN: I do not take it that way. I take it that there would be payable out of that increased pension the amount which the injury would entitle him to until the Workmen's Compensation is paid up.

Mr. McLEAN: No, I think not.

Mr. THORSON: I think Mr. McLean's point is well taken. No payments shall be made on account of such increase until there has been withheld; that means in a case of that sort, where a man has been seriously hurt, because of his disability, or the aggravation of his disability he will not be able to get any increase in the pension because of that.

Dr. KEE: Yes, he would.

Col. THOMPSON: I see your point. You suggest that he might get, although another quarter per cent disabled, although he may be additionally disabled, he may be only allowed a twenty per cent pension in respect of that?

Mr. THORSON: Yes, and yet you would not give him that 20 per cent increase, until he has handed over his compensation.

The VICE-CHAIRMAN: Because he is getting 40 per cent under the Workmen's Compensation Act, his loss is covered.

Mr. McLEAN: No.

Mr. THORSON: I think Mr. McLean's point is well taken.

Mr. SPEAKMAN: I think so too.

Dr. KEE: There is a mistake there. If that man is under 100 per cent and getting 50 per cent, there is an entire. You see, 50 per cent pension, and 50 per cent of the entire, are two different things. There is a man 60 per cent disabled and he is getting 50 per cent of the entire, and he is getting 30 per cent pension. Now, an accident makes him worse; his total is now 80. He is due for an increase up to 40 for aggravation.

Mr. THORSON: Exactly, and he will not get his extra ten until there has been withheld an amount equal to the damages or compensation recovered.

Dr. KEE: Yes.

Mr. THORSON: I think that is Mr. McLean's point.

Dr. KEE: That applies to other cases where it is contracted. Other cases are the same.

Mr. THORSON: And yet he only gets half of the increase in his disability in the form of compensation?

Dr. KEE: Yes.

Mr. THORSON: And you deduct from him the whole of his compensation which is a very different case from the case where the man gets the whole of the increase of his disability by way of pension, because then, they balance off

[Col. Thompson, and Dr. Kee.]

each other, in that case. But, in the case Mr. McLean cites, they do not balance off each other. The balance of increase in pension is less than the amount of compensation.

Dr. KEE: No, we would only retain the increase which would be the same increase although he contracted it. The recovery would be slower, that is all.

Mr. PATON: In one case it is recovered in full, and in the other case only recovered up to 50 per cent.

Mr. McLEAN: This amendment says "until there has been retained the amount."

Mr. THORSON: That is if he lives long enough.

Mr. PATON: It would be recovered in twice the length of time in the case of that increase.

Mr. THORSON: It would take him twice as long to get his increase?

Mr. PATON: Yes, and then if he did not live long enough, of course, there would be no recovery.

Mr. McLEAN: But the total amount of damages and compensation was recovered or received by the pensioner from an outside source.

Mr. PATON: The total amount of damages would be recovered in the long run in an aggravation case. If it is 50 per cent of the aggravation, it would take twice as long to recover. It might be recovered in five years, or in an aggravation case, it might take ten years to recover.

Mr. McLEAN: You are only paying 50 per cent of the aggravation?

Dr. KEE: We are paying him all the time for 50 per cent of his increase.

Mr. McLEAN: The man has forty per cent disability, for which he gets twenty per cent pension? If, after an accident, or disease he comes to have an eighty per cent disability for which he gets a forty per cent pension from you, you are financing fifty per cent of his disability and he is financing thirty per cent himself. Now, he sustains an accident on the street or elsewhere, and outside parties altogether pay him a compensation based on his total disability after the accident.

Dr. KEE: Based on the damage, not on his total disability.

Mr. McLEAN: The Pension Board then say they will retain the whole amount.

Dr. KEE: Your hypothesis there is not correct.

Col. THOMPSON: I think perhaps this proposition will place it a little more clearly, if you ask Dr. Kee what happens in this case: A man is on a 10 per cent pension, his total pension entitlement. He suffers an accident, and after the accident, instead of being 20 per cent, he is 40 per cent, namely, 20 per cent more than he was before, and before the accident he got a ten per cent pension. Now, what will he get after the accident?

Mr. THORSON: Will he get the 20 per cent pension, or a ten per cent?

Dr. KEE: Twenty.

The VICE-CHAIRMAN: He will get 20 per cent, ten per cent additional from the Board, and they will retain that.

Mr. McLEAN: Col. Thompson made that clear the other day; that if the condition was aggravated, he would continue to get a ratio of increase commensurate with his original condition.

Col. THOMPSON: I see the point. I think Mr. McLean is right.

Mr. THORSON: Yes, I think he is right.

Sir EUGENE Fiset: In other words, the department makes money at the expense of the pensioner?

Col. THOMPSON: That is a new proposition. As a rule, these questions of aggravation are all questions of disease, practically. There are a few with

[Col. Thompson, Dr. Kee, Mr. Paton.]

regard to a pre-enlistment deformed limb or something like that, but most of them are with regard to disease. These industrial accidents are nearly all, as a matter of fact, with regard not to what you might call the pathological condition of a man, but the physical meaning of it. That is where the real distinction comes, but Mr. McLean's proposition is a novel one, I think.

The VICE-CHAIRMAN: Under the amendment, would not the Board just retain the 10 per cent?

Mr. McLEAN: No, I do not think so. It says they will retain all the money.

Dr. KEE: The increase.

Col. THOMPSON: Then, a further question arises; what should the increase be in a case like that?

The VICE-CHAIRMAN: They do not retain any amount. They retain the increase in pension they are going to give. The man has got his money from the Compensation Board.

Mr. THORSON: They might withhold the grant of the increase to him.

The VICE-CHAIRMAN: They do not take the man's money; he gets that, and they retain the 10 per cent increase in the case mentioned, until it is squared up.

Mr. McLEAN: Which means that if his regular pension is \$10 a month and due to an accident, he would be entitled to get \$10 more from them, the Commission would be entitled to pay him \$20 a month; but if in reference to his total disability, he gets compensation from an outside party, the Commission then says, "we will not pay you your extra \$10 until all of this money you have had is exhausted, at the rate of \$10 a month.

The VICE CHAIRMAN: There you are assuming that he is settled with in a lump sum.

Mr. McLEAN: That makes no difference.

The VICE-CHAIRMAN: Supposing the Workmen's Compensation Board say, "this man is to receive \$20 a month for the injury he has received," half of that would be chargeable to the Pension Board as increased disability. That would be the rate. Now, if he gets it as a lump sum, they are capitalizing his injury. But, if they pay him \$20 a month on the time he is injured, the Board merely hold back their \$10 and he gets the \$20 from the Workmen's Compensation, so that he is getting his money just the same.

Mr. THORSON: It would work out in this way: Supposing he is financing himself to the extent of \$10 a month, and the Commission is financing him to the extent of \$10 a month. He gets an injury which makes it obligatory on him to finance himself to the extent of a further \$10. The Commission promises him another \$10 so that it is financing him to the extent of \$20 a month; he is entitled to get \$20 a month from the Commission, but the Commission says to him "we will not give you that 10 per cent until you have handed us the whole amount of your compensation," including the 10 per cent which he is entitled to in his own right.

Col. THOMPSON: No, he gets that.

The VICE-CHAIRMAN: He does not pay any money to the Commission. It says "the increase in pension shall be withheld".

Mr. THORSON: In other words they say, "we will not grant you your half."

The VICE-CHAIRMAN: But they do not ask him to pay over the Workmen's Compensation money.

[Col. Thompson, and Dr. Kee.]

Mr. McLEAN: They are going to hold back the increase in pension until the Workmen's Compensation money is exhausted. That could be covered by an amendment which I suggested my legal friends might draw, so that instead of retaining the whole of the pension, the same percentage of the pension should be retained as is now going to be paid over in compensation.

I would like to ask in the case of progressive disease such as tuberculosis, where a man is getting worse, if he meets with an accident it seems that the increase will be likely put down to the accident. Would this take care of the natural progression of the disease? For instance, a tubercular man is going along a road and meets with an accident; in a nominal way his pension would increase as the pensionable condition would increase. Anyway, he meets with an accident, and it is likely his pensionable disability would be put down to the accident.

Dr. KEE: It will be difficult to name some incident which would be associated with tuberculosis, for instance if a man was in a very bad state of health and something fell on him, if he was very bad, he might have 100 per cent.

The CHAIRMAN: Or if he was working in a paint manufacturing establishment, the effect of the paint would be hard upon his condition. That is a legitimate case. Never mind the brick falling on him. Regardless of the facts, apparently if he has a 20 per cent disability before he enlisted, and his increase is 20 per cent, they will pay the same proportion, no matter what happens to him and charge up against the additional loss, the original amount.

Mr. GILMAN: The original remains. We have aggravation since the aggravation ceased. Only lately we have had a case of aggravation, and we have been told that the aggravation ceased, although the man is sick.

Dr. KEE: Since when?

Mr. GILMAN: Since last June.

Dr. KEE: I would like you to bring in a case where the aggravation has ceased.

The VICE-CHAIRMAN: That touches the question of proportional responsibility but it does not help us out on this.

Mr. ILSLEY: Are there cases where a man is not pensionable at all until he sustains an injury for which he is entitled to recover damages from some person; are there cases where they are not pensionable at all?

Col. THOMPSON: Your suggestion is that the damages which he sustained from those injuries disclose the fact that he has a pensionable disability; is that the idea?

Mr. ILSLEY: No, I do not go that far. I was just going to say that if there are cases not pensionable at all until he sustains some injury which entitles him to recover damages or compensation, that that is not provided for by the amendment, although it was provided for by the original section.

The VICE-CHAIRMAN: The original section covers cases where a pension is payable.

Col. THOMPSON: It was put in after a certain member of the forces had been out on a joy ride and had suffered very serious injuries. He got damages against the electric company in respect of those injuries and he also got his full pension.

Mr. ILSLEY: In what way was the injury attributable to military service?

Col. THOMPSON: It was not attributable in any shape or form.

Mr. ILSLEY: Why was it considered a pension disability?

Col. THOMPSON: Because it was incurred on service.

[Col. Thompson, and Dr. Kee.]

Mr. BARROW: In connection with the point Mr. Gilman mentioned, suppose a man has a 30 per cent disability, and suppose he contracts a disease which adds 20 per cent, making 50 per cent, and suppose that in after years, 10 per cent more occurs, can we have an assurance that he will be examined for the next 10 per cent making 60 per cent.

Dr. KEE: Do you know of any case of disease which has been aggravated by some injury for which we have taken the compensation?

Mr. BARROW: I can imagine a case where the disease would be aggravated by an injury.

Dr. KEE: I cannot recall any.

Mr. BARROW: I cannot either. Under the old Act a man assigned his right, and the Board continued to re-examine and assess. Under the proposed amendment, when a man does not assign his rights, will the Board still continue to examine and assess; can we have an assurance that the man will be examined and assessed for the progression apart from the injury which brought about the assessment?

Dr. KEE: He would be examined as in any other case, I think. I do not see any reason why he should not.

Mr. McLEAN (Melfort): I have some words by way of amendment which are quite clear to myself anyway and I would like to submit them to the legal gentlemen. When a member of the forces becomes entitled to an increase in pension by reason of an injury in respect of which he recovers damages or compensation, no payment will be received by way of compensation until there has been withheld an amount bearing the same proportion to the damages or compensation so received by the pensioner as the amount of his pension bears to his disability. In other words, a man has a pension to the extent of 25 per cent of his disability; he suffers an accident or injury, for which he receives compensation, but only 25 per cent of his damages so recovered should be retained by the Board. or in the event of the Board increasing his pension from 25 per cent of his disability to 50 per cent of his disability, only the difference between what they were paying and what they are now paying, which would be 25 per cent in the case cited, only 25 per cent of the damages so recovered should be retained by the Board instead of their retaining 100 per cent.

Mr. POWER: Are there many cases of this class before the Board?

Col. THOMPSON: I can only remember one. We tried to in one case of a member of the permanent forces, but the company against which damages were recovered went into liquidation, and I do not think we ever got any money.

Mr. POWER: Is there any advantage in changing the Act if you do not recover or do not expect to recover anything?

Col. THOMPSON: We have never been able to get anything in the way of damages.

Mr. McLEAN (Melfort): With regard for instance to these persons who are in receipt of pensions and who would not ordinarily be acceptable in a factory, I understand the department has a sort of co-insurance. In view of that, it would appear to me as a proper thing that the compensation should go to the Department.

Mr. SCAMMELL: Just along the line Col. Thompson has mentioned, I have a case in mind in which a man had an injury to his arm overseas, for which he was pensioned. He was employed in a factory, and sustained some other injury which was regarded by the Board of Pension Commissioners as increasing his pensionable disability, in consequence of which he was awarded an increase of

pension. His original pension was more than 25 per cent, consequently under the arrangement by which the department pays workmen's compensation, in order that these men may obtain employment, the Department was mulcted in something like \$1,000.

Mr. McLEAN (Melfort): For premiums?

Mr. SCAMMELL: No, damages. We repaid the Workmen's Compensation Board this amount of about \$1,000. It was considered that his increased pension should not be payable until this \$1,000 had been used up. But it was found that the amount paid by the Workmen's Compensation Board does not constitute damages, as the man has no right of action.

The VICE-CHAIRMAN: It is a statutory liability on the employer's part?

Mr. SCAMMELL: Yes.

Mr. THORSON: But there was no right of action against the Board?

Mr. SCAMMELL: No right of action against the Board. On that being pointed out to the Board of Pension Commissioners they very properly ruled that the only thing under the Act to do was to allow the man to keep his \$1,000, which was paid out of the Federal Exchequer, as well as the increased pension, which was also payable out of the Federal Exchequer. This amendment will correct that which was never intended to arise.

Sir EUGENE Fiset: Does the Department in every case refund to the province the amount paid as compensation under the Workmen's Compensation Act?

Mr. SCAMMELL: If the man has a pension of 25 per cent or over?

Mr. McLEAN (Melfort): The \$1,000 should not be charged up to the individual at all; it should be spread over the total number.

Sir EUGENE Fiset: The reason is that the Federal Government has assumed the responsibility of all these payments instead of the provinces. They assumed it as a federal liability.

Mr. SCAMMELL: We pay the entire risk.

Mr. McLEAN (Melfort): All right, then. That risk when it becomes a liability, as in the case of \$1,000 to one man, should be spread over the total premiums. Here is the position the country takes; we will pay the premium outside of the pension entirely, in order to secure for the soldiers and for the country the benefit of the employment of these men.

Mr. THORSON: They do not pay the premiums.

Mr. McLEAN (Melfort): It comes to the same thing. They are prepared to pay the damages accruing. The real reason back of that is that they are willing to pay the extra sum out of the country's finances; in addition to the pension they are willing to pay the extra sum for the benefit of the injured man, and the benefit that the country gets from the employment of that injured man. I claim that the amount paid out by the Department should be spread over the premiums for the total number of cases.

The VICE-CHAIRMAN: If you are employed in a business as a workman, and you are hurt, owing to a disability caused by the war, you would be entitled to an additional pension under the Pension Act. Under the Workmen's Compensation Act you are entitled to a certain payment for that disability. Now, we will pay you the pension, and we will protect the Workmen's Compensation Board from having to pay it, but we do not want to pay both the pension, under the Pension Act, and pay the Workmen's Compensation liability for the same injury.

Mr. McLEAN (Melfort): Quite so, but they say, "we will pay you a proportion of your increased disability." They will not say, "we will pay you all the increased disability."

The VICE-CHAIRMAN: They pay the whole loss, as far as the injury is concerned, through the Workmen's Compensation Board.

Mr. McLEAN (Melfort): That does not cover a great many men.

The VICE-CHAIRMAN: I think you are right, to a certain extent, in your objection, but when you make a change you do not want to overlook that the main number of cases will not be additional injury cases, but total injury cases.

Mr. POWER: Would it cost much?

Col. THOMPSON: Yes, there is a good deal paid in compensation, which the Department does not recover.

Mr. POWER: Actually, you do not recover any money?

Col. THOMPSON: Because it is not damages. The next one is No. 6. I believe that has been already discussed.

Mr. THORSON: I think it would clear the matter up if we asked the representative of the Legion what he thinks of Colonel Thompson's suggestion, as made this morning.

Mr. BARROW: The Legion's proposal was that the cases under the meritorious clause should be considered first by the Board of Pension Commissioners, with the right of appeal to the Federal Appeal Board.

Mr. THORSON: You still prefer your own suggestion to the one made by Colonel Thompson this morning?

Mr. BARROW: We still prefer it, yes.

Mr. THORSON: We have considered the machinery side of section 21, but have not discussed the kind of cases that are to come under this section.

Col. THOMPSON: It might be amended in order to define, in some measure, the type of cases which are to be considered by the tribunal.

Mr. THORSON: There are two points to be considered regarding the meritorious clause. First of all, there is the machinery by which you shall administer it, and, secondly, there is the kind of cases that shall be dealt with. What do you think of the Department's suggestion on that point, leaving aside the question of machinery?

Mr. POWER: It excludes certain cases wherein the right to a pension might exist under the Act, and which were barred by the statute of limitations. It would refer to the Board, specially created for compassionate cases, the meritorious cases, and those cases in which no right of pension exists under the Act. I think it is restricted.

Col. THOMPSON: If there is a right to pension under the statute, it would not be necessary to apply under the meritorious clause. At the present time the meritorious clause might be applied to any member of the forces, in the broad sense of the word.

Mr. POWER: Any case at all that you could imagine, you could have it submitted under the meritorious clause?

Col. THOMPSON: I think so, and the applicant would be entitled to have his case considered, not necessarily favourably.

Mr. THORSON: There are the words, "no right to pension under this Act arises."

Col. THOMPSON: I think that is very loose.

The VICE-CHAIRMAN: Just read a little farther back. "Suffers injury or contracts disease from causes such that no right to pension under this Act arises." It says this: if his death was caused by something that gave him no right to pension, under this clause you could give him a pension.

Mr. THORSON: Yes, but if there is a section providing for his particular case, and he fails to establish it, through lack of evidence, or something of that sort, he is barred from this.

Mr. POWER: If you were to put in section 21, "notwithstanding anything that is contained in this Act," and then go on, I think you would have it.

The VICE-CHAIRMAN: I think the biggest difficulty has not been mentioned yet, that is where the old Act gave the dependents the right also. It cuts off all dependents, and that is a change I would worry about.

Col. THOMPSON: Might I suggest to the Committee that they consider the cases I read this morning, and others, if they wish to see them, and then, after their ideas are formulated with regard to the machinery, then formulate their ideas as to what they want done. I think they would be in position to draft something which would meet the case.

Mr. THORSON: We are trying to see what difficulties there might be in the way.

Col. THOMPSON: I thought the subcommittee might consider all that when they were considering this meritorious clause.

Mr. BARROW: The amendment says, "such that no right to pension under this Act arises." That is a new assertion over the old section, I believe, and we want to know whether it would be assumed that the clause would be interpreted to include a negative right, as well as a positive right.

Col. THOMPSON: How could there be a negative right?

The VICE-CHAIRMAN: It is easy enough to make it broad enough, if you want it broadened.

The witnesses retired.

The Committee adjourned until Thursday, March 29th, at 11 o'clock, a.m

THURSDAY, March 29, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 4 o'clock p.m., the Chairman, Mr. C. G. Power, presiding.

Col. J. Thompson, Dr. Kee and J. Paton recalled.

The CHAIRMAN: What is the next suggestion, Colonel Thompson?

Col. THOMPSON: The next suggestion is No. 8 of the Minister's program. He proposes to amend subsection 5 of section 22. Subsection 5 reads:—

"(5). The Commission may direct that the pension for a child may be paid to its mother or father or its guardian or to any person approved by the Commission or may direct that such pension be administered by the Department".

This is merely administration.

Sir EUGENE FISER: I suppose the main reason why this suggestion is before us now is in view of the reorganization of the Department?

Col. THOMPSON: Yes, because as a matter of fact the Department is paying pensions under the Pension Act. The Pension Board pays.

Mr. ADSHEAD: The Act says: "or to a person appointed by the Commission."

Col. THOMPSON: Yes.

Mr. ADSHEAD: I suppose they could appoint somebody in the Department if they liked; it would not make much difference.

Col. THOMPSON: Number 9, amending subsection 7 of section 22. Subsection 7 reads:—

"The children of a pensioner who was pensioned in any of classes one to five mentioned in Schedule A and who has died, shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not; Provided that the death occurs within ten years after the date of retirement or discharge or the date of commencement of pension."

Mr. ADSHEAD: It is suggested that all after the word "provided" be deleted?

The CHAIRMAN: The ten years. That matter we can discuss at any time.

Col. THOMPSON: This was suggested by the Pensions Board in order to bring it into conformity with the rest of the Act, and prevent an injustice being done to men in classes one to five, who die while on treatment, because under the amendments it will cease when a man enters for treatment, and as he is not a pensioner he would be deprived under subsection 7 of any pension for his children, if he dies under treatment. This amendment saves him.

The CHAIRMAN: You paid the pension irrespective of the fact that the law did not allow you to?

Col. THOMPSON: Oh, no.

Mr. ADSHEAD: This still has the ten years in it?

[Col. Thompson.]

Dr. KEE: The pension was continued.

The CHAIRMAN: How did you manage to pay?

Col. THOMPSON: The pension was continued while he was on treatment.

The CHAIRMAN: And if he died under treatment what did you do?

Col. THOMPSON: If he died? If the man was actually on pension in classes one to five we pensioned the children. The Minister's suggestion is, when a man enters hospital for treatment, his pension will cease, and of course if he dies he will not be a pensioner.

Mr. BARROW: May I ask a question? Apart from the ten-year restriction, does this amendment mean that a pensioner on, say, a sixty per cent pension who enters hospital for treatment for his pensionable disability, and thereafter becomes totally disabled and dies from some other cause while under treatment will be considered as in class one?

Col. THOMPSON: I think not. This provision suggested by the Minister merely saves; it takes nothing away which the man now has.

Mr. BARROW: Would it not be more proper to consider the man under a 100 per cent pension, when he goes into a hospital for treatment and then dies?

The CHAIRMAN: I would not have brought that up if I were you.

Col. THOMPSON: It does not bring in any class and it does not exclude any class which is now provided for. That is the simplest way I can put it.

Mr. BARROW: If a man enters hospital for treatment for pensionable disability and dies from some other cause while in the hospital, would he be considered under classes one to five?

Dr. KEE: No.

Col. THOMPSON: He must be in classes one to five.

The CHAIRMAN: I think if he died you would have a very good argument. I think I would leave it, Mr. Barrow, if I were you.

Col. THOMPSON: Suppose he was in hospital with an ingrowing toe nail, and one of the patients in a neighbouring bed killed him, he would not be entitled to a pension under the present Act. Mr. Barrow suggests that he would be.

The CHAIRMAN: He asks if he would be.

Col. THOMPSON: The next is an amendment to subsection 9 of section 22. Subsection 9 reads:—

"9. On the death of the wife of a pensioner pensioned on account of a disability the additional pension for a married member of the forces may in the discretion of the Commission be continued to him for so long as there are minor children of pensionable age, provided there exists a daughter or other person competent to assume, and who does assume the household duties and care of the children."

The suggested amendment amending subsection 9 of section 22 reads:

"(9) On the death of a wife of a pensioner pensioned on account of disability, the additional pension for a married member of the forces may, in the discretion of the Commission, be continued to him for so long as there is a minor child, or are minor children of pensionable age provided there exists a daughter or other person competent to assume and who does assume the household duties and care of the children."

It would appear that that is a very proper amendment.

Sir EUGENE Fiset: Read the explanatory note.

The CHAIRMAN: If there was only one child, under the present Act they could not continue the pension. Now they have "a child or children," and

there will be no difficulty. Nobody has ever been debarred from a pension; he is usually paid a pension.

Mr. ADSHEAD: The wording of that would lead me to think that it only applied when there was but one child.

The CHAIRMAN: Minor child or minor children.

Mr. ADSHEAD: The explanatory note beneath makes it apply to only one child.

Col. THOMPSON: The next is No. 11, amending subsections one and two of section 25. Section 25 reads:

"Temporary pensions subject from time to time to review and medical re-examination shall be awarded or continued as long as the disability remains changeable in extent.

2. Permanent pensions shall be awarded, or pensions shall be continued permanently whenever the disability is, or becomes, apparently permanent in extent: Provided that if it subsequently appears that such a disability has changed in extent the pension shall be adjusted accordingly."

All that is to be repealed, and substituted therefor, will be the following:

"25. The amount of any pension shall be subject to review at any time on the ground that there has been an increase in the pensionable disability since the amount of the pension was last fixed, but no pensioner shall be required to attend for medical examination with a view to ascertaining whether his pension should be reduced on the ground that a reduction of the pensionable disability has occurred except

- (a) when the Commission, at the time the award is made records its opinion that a reduction of the pensionable disability is likely to occur within a specified period, in which case the pensioner may be required to be re-examined at the expiry of such period, or,
- (b) the Commission is of opinion that a reduction of the pensionable disability has in fact occurred since the pension was fixed and the Commission directs a re-examination of the pensioner, accordingly, or
- (c) when the pensioner has undergone treatment either on pay and allowance or as an in-patient under the Departmental regulations in that behalf."

The explanatory note is—

Sir EUGENE Fiset: —quite clear.

Col. THOMPSON (reading): "It is desirable that pensioners should be relieved from obligation to attend for examination unnecessarily and that pensions should be, so far as possible, permanent. Under the present practice some 30,000 pensioners are now re-examined yearly, changes in disability being found to have occurred in less than 10 per cent of the cases. The number of re-examinations might therefore be substantially reduced and a considerable economy thus effected."

The repealing sections suggest making no change whatsoever in the practice in my opinion, or in the opinion of the medical advisers.

The CHAIRMAN: No change in medical practice?

Col. THOMPSON: No.

Mr. THORSON: Will it have the effect set out in the explanatory note?

Col. THOMPSON: That is correct. That is exactly the practice followed at the present time.

Mr. THORSON: How does that differ from the Act?

Col. THOMPSON: The wording is different.

Mr. THORSON: Is there any difference in the meaning?

[Col. Thompson.]

Col. THOMPSON: I cannot find it.

The CHAIRMAN: You have reduced the pensions?

Col. THOMPSON: If a man comes on for examination?

The CHAIRMAN: Yes?

Col. THOMPSON: You can still do so under two conditions, one that if in the award of the pension you say he must be examined within a specified time. Second if you are of opinion that a reduction has occurred.

Mr. ADSHEAD: That is, at the time of the award.

The CHAIRMAN: The first is, at the time of the award, the second is not. If you cut out the second, do you make a material difference?

Mr. THORSON: If you cut out (b)?

Mr. ADSHEAD: How can they be of opinion if they have not an added examination?

Mr. THORSON: They can order his re-examination at any time under (b).

The CHAIRMAN: Exactly. It does not change it. If it is the suggestion that the lot of the pensioner be improved, we can cut out (b).

Mr. HEPBURN: What is the present system; is there a set time for examining?

Dr. KEE: In set cases. In certain cases of progressive diseases we would bring them up in a year, six months, three years, two years, if we thought they would be increased or decreased. That is set at the time of the examination.

Mr. McLEAN (Melfort): The 30,000 pensioners this document speaks of, are they examined automatically?

Dr. KEE: No. Some might be examined in one year, some in six months, some in two years. They are not all the same.

Mr. ADSHEAD: If you have not recorded your opinion on the reduction of the disability as likely to occur, if you have not expressed that opinion you cannot re-examine him. How can they come by the knowledge that it has occurred if he has not been re-examined and they cannot order re-examination if they did not make the statement in (a) of their opinion that a reduction of the pensionable disability is likely to occur? If they have made no record, they cannot come to any conclusion that it has occurred, because he cannot be re-examined.

Dr. KEE: That is right.

Mr. HEPBURN: Dr. Kee, would not this protect you in case of fraud, if you had evidence of that sort, you could order the re-examination under the Pension Act, and would not this clause be necessary?

Dr. KEE: Yes, but we do not review the files with that idea in view.

Mr. ADSHEAD: On their first award, they must have made a notation that a reduction in disability is likely to occur.

Mr. HEPBURN: We are discussing the advisability of cutting out clause (b). If you did that, you would remove from the Pension Board any action they might take in regard to cases where there is clearly fraud.

Dr. KEE: When a man is examined, the review date is set, and the examiner states he will likely increase or decrease. That is the reason he sets a review date. Some diseases he might set six months; other diseases a year, two, or three years.

Col. THOMPSON: Might this clause be re-cast?

The CHAIRMAN: That is the point. I would ask the Chairman of the Board of Pension Commissioners to re-cast this, having in mind that it is the intention, or, I take it that it is the intention of the Committee to do away,

insofar as possible, with numerous examinations of the pensions, and to give to the pensioner, a stability of pension; that is to say, that there will not be any reduction of it.

Mr. THORSON: Providing always, of course, that there is not obvious error or fraud.

The CHAIRMAN: Yes.

Mr. HEPBURN: How can you do that without leaving in clause (b)?

Col. THOMPSON: It is suggested that the redraft should put in that saving clause in another form. I might say that the dates of examination are fixed by the doctors in the districts, none of whom are on the Pension Board.

Dr. KEE: And a great many are on complaint.

Col. THOMPSON: Yes, complaint by the man that he is not getting a pension. As to this 30,000, the number was not 20 or 30, but 25,000.

Mr. THORSON: When you redraft this clause, Colonel, will you keep in mind the necessity of retaining the principle that the amount of the pension shall be subject to review at any time on the ground that an increase in the pension for disability should be made if the disability has increased since the amount of the pension was fixed.

Col. THOMPSON: I would ask to submit the redraft.

Mr. ADSHEAD: And also the last part that no pensioner shall be asked to attend for re-examination with a view to reduction.

Mr. THORSON: That is the object of the redraft, but I want to provide for re-examination where there has been an increase of disability.

Sir EUGENE Fiset: Mr. Thorson, I understand that this amendment is suggested by the Department. The review of those cases is not always asked for by the Board of Pension Commissioners, and as a matter of fact, it is seldom asked for. They are made by the examiner in the district, and the local doctor who is under the D.S.C.R. and not under the Board of Pension Commissioners. That is the reason that I think the Department want to make this more than the Board of Pension Commissioners.

Mr. THORSON: Quite.

The CHAIRMAN: The complaint is that men are constantly being called up by the Board or the Department to be re-examined, and a trifling amount is cut off their pensions, and that causes a lot of dissatisfaction. The expense of the examination is probably almost as much as the reduction in pension, and there is a recommendation in the report that there be less of these re-examinations.

Mr. ADSHEAD: You are not going to abolish clause (a)?

The CHAIRMAN: We are not going to prevent a man from applying for examination if he thinks he is entitled to an increase, but we wish to prevent examinations for decreases.

Col. THOMPSON: Up to March last, with regard to these examinations, the number of disability pensions increased was 4,600. The number decreased was 1,100. The number of disability pensions continued at the same rate was 18,000. The number of disability pensions made permanent on award by medical review was 1,291.

Dr. KEE: There is just one point, Mr. Chairman; I would like to have the Committee on record with regard to those put on permanent pension. A man is on a permanent pension, say 50 per cent, and he does not want to come for re-examination, and we do not call him in; we say, "All right, we will leave it to you". He comes up three or four or five years after, and he says, "Now, I am a hundred, and I have been a hundred for two or three years, I want

[Col. Thompson, and Dr. Kee.]

retroactivation of that amount of money". Is the onus to be put on the man to turn up himself, provided he gets worse, or how are we to arrive at his assessment?

The CHAIRMAN: What is your practice?

Col. THOMPSON: In regard to progressive diseases, there are periodical examinations. He is periodically examined with regard to progressive disease.

Mr. ADSHEAD: What about others? Suppose a man has lost an arm?

Dr. KEE: They do not change. They do not vary.

Mr. ADSHEAD: He comes up for re-examination though.

Dr. KEE: No; the great majority of amputations are permanent now.

Mr. THORSON: What are progressive diseases?

Col. THOMPSON: Heart, and so on.

Dr. KEE: I would like to hear from the Veterans whether the onus should be put on the man. The man may say, "You should have called me up for examination. I am worse."

Mr. McPHERSON: It should be on the man in that case.

Col. THOMPSON: As a matter of fact, the man does not know in regard to a progressive condition.

Mr. THORSON: In the case of re-examination in so-called progressive diseases, are there ever any reductions?

Col. THOMPSON: I think not; very, very seldom.

Dr. KEE: Very seldom.

Mr. ADSHEAD: I know a man who has lost the drum of his ear entirely, and he is called on periodically for re-examination.

Sir EUGENE Fiset: That is exactly the kind of case the Department wants to prevent.

Dr. KEE: That man who has lost his ear drum, total loss of hearing of one ear is 15 per cent. He might be on five, ten, or fifteen. The chances are he is only on five, and we call him up with the idea that he will be ten or fifteen. He comes up in five years, and he is fifteen, and he says, "I have been fifteen all the time."

Mr. ADSHEAD: Every year, I think, he has been re-examined.

Mr. SPEAKMAN: It would not interfere with that examination, would it?

Dr. KEE: As long as the man is satisfied?

Mr. SPEAKMAN: It says it shall be subject to review at any time, on the ground that there should be an increase, but not under review for a decrease, so that this would not interfere at all, when there is a suspicion that a change has occurred.

Dr. KEE: The only question is, should the onus be put on the man of notifying us, or should it be on the Department.

Mr. SPEAKMAN: That question has not come up, in view of the existing Act, and the proposed amendment does not alter that.

Dr. KEE: No, we take the onus now.

Mr. SPEAKMAN: It would not in any way alter the situation as far as that is concerned.

Dr. KEE: Yes, it will. It will alter the situation if a man gets worse.

Mr. SPEAKMAN: But it does not affect that part of the Act which deals with examinations for a prospective increase?

Dr. KEE: No, but we might think he would not increase, and put him on a permanent pension, and then he did increase, and did not come up for five years.

[Col. Thompson, and Dr. Kee.]

He might think himself, that he was not going to increase and wanted a permanent and not to bother with a re-examination.

Mr. SPEAKMAN: That might be at the instance of the man or of the Board. It is not altered in that respect. This does not in any way prevent the periodic examination of progressive diseases by the Department, and on their initiative.

Mr. ADSHEAD: But then you see, they might find out that there should be a decrease; it may be a scheme for finding that out.

Mr. HEPBURN: Could they not have an arrangement or agreement with the pensioner to put the onus on him, and if he feels that his disability is progressing, that he should notify the Board, and be re-examined?

Dr. KEE: We had the same subject up here the other day, with regard to making application. These men want payment back to the date of the disability starting. They did not make application. We are putting the onus on the men, that they can only get it from the date of the application. This is a big question, it comes under more clauses than this one.

The CHAIRMAN: I should imagine we are putting the benefit on him when we tell him the pension will not go below.

Mr. HEPBURN: To bring about this condition Dr. Kee has mentioned, whereby a man might come up in two or three years, and complain that the disability had progressed for two or three years before.

The CHAIRMAN: That is in the Act. The Act states that if he thinks his disability has increased he can come up and be re-examined.

Dr. KEE: On the other hand, the Act says, a man is pensionable for his disability at any time.

Sir EUGENE Fiset: I think the suggestion of the Chairman of the Board of Pension Commissioners is correct, that they should look over this and redraft it if necessary, knowing the mind of the Committee.

Mr. SPEAKMAN: The suggestion of the Chairman only covers the classes where there will be a probable decrease. It was not made in regard to the first part of the proposed amendment, which maintains the practice of periodic examination or examination at the instance of the Board or Department where progressive increase is expected. It does not in any way interfere with that practice.

The CHAIRMAN: No, that is right. Insofar as we are concerned, the whole of (a) should remain.

Mr. SPEAKMAN: Twenty-five states that the amount shall be subject to review at any time, on the ground of an increase, but not on the ground of a decrease. So, if there is an expected increase in a progressive disease, that is already provided for. That is, you may make any arrangements for re-examination of the man for a prospective increase.

Dr. KEE: It would be unfortunate though if we thought he would be increased, and he came along, and we found him better.

Mr. ADSHEAD: You cannot ask him to come back to be decreased, unless the Board has made a notation on the award that they suspect that there will be a decrease.

Mr. SPEAKMAN: There are no conditions with regard to an expected increase.

Col. THOMPSON: What would you do in a case where a man has a total disability for blindness, but as a matter of fact, he is not blind.

The CHAIRMAN: We could put in a clause for cases of obvious error or fraud. Then, 12.

[Col. Thompson, and Dr. Kee.]

Col. THOMPSON: Amending Subsection 4 of Section 26. Subsection 4 reads as follows: (Reading)

"A member of the forces in receipt of pension on account of any disability, other than the amputation of an arm or leg, which necessitates the use of a prosthetic appliance, may, at the discretion of the Commission, be granted an allowance, not exceeding fifty-four dollars per annum, on account of wear and tear of clothing, if in the opinion of the Commission, the use of such appliances results in such wear and tear."

That is repealed and the following to be substituted: (Reading)

"A member of the forces in receipt of pension for any other disability for the relief of which any appliance must be worn or treatment applied which causes wear and tear of clothing may, in the discretion of the Commission, be granted an allowance in respect of such wear and tear not exceeding fifty-four dollars per annum."

At the present time, if a man is under treatment for a skin disease, and he applies ointment to his body, there is considerable wear and tear on his underclothing. We can make no allowance in regard to that, but only where there is an appliance. This amendment will cover that.

The next is suggestion No. 13, covering Section 29. Section 29 reads as follows:—

"When a pensioner commences treatment under the jurisdiction of the Department of Soldiers' Civil Re-establishment, and his pension, including the pension, if any, for his dependents, is greater than the pay and allowances issued by that Department, there shall be deducted from such pension towards the cost of maintenance in hospital, an amount equal to the difference between such pension and such pay and allowance."

The amendment reads:—

"During such time as, under the departmental regulations in that behalf, a pensioner is in receipt of pay and allowance from the Department while under treatment, payment of his pension shall be suspended and the pay and allowance shall stand in lieu thereof; pending a fresh award, payment of the pension shall re-commence forthwith after the termination of such suspension."

At the present time, there is considerable confusion in the minds of the pensioners as to what they are really receiving when they are in hospital. There is a payment of pension, and there is a deduction, and so on, and they do not know just what they are actually receiving, or what they are entitled to.

Sir EUGENE Fiset: And neither does the Department.

Col. THOMPSON: Neither does the Department. Under this section, the pension will cease and the man will go on straight pay and allowances. It will be perfectly clear as to what he will receive.

The CHAIRMAN: And at the termination of treatment?

Col. THOMPSON: He will be restored to pension.

The second part of the amendment reads as follows:—

"During such time as, under the departmental regulations in that behalf, a pensioner is an in-patient undergoing treatment, but is not in receipt of pay and allowances, his pension, if in excess of the amount he would have been entitled to receive by way of pay and allowances, shall be reduced to such amount; pending a fresh award, the payment of pension in full shall recommence forthwith upon the pensioner's ceasing to be an in-patient, as aforesaid."

[Col. Thompson.]

Sir EUGENE Fiset: In other words, you want to put them all on the same footing?

Col. THOMPSON: This covers the case of a man who is not in receipt of pay and allowances. At the present time, where a man is in receipt of pay and allowances, and in receipt of pension, if he goes into the hospital under the D.S.C.R. we continue the pension, and that has always been the policy of the Board. The suggestion is that the Department shall take the pension in such cases.

Mr. THORSON: So that a person who has a high pension, and goes to hospital for treatment, will lose under this proposition?

Mr. ADSHEAD: Except he will get pay and allowances.

Col. THOMPSON: The pay and allowances of a single man, for instance, would be \$45 per month. If his pension is \$45 per month, nothing happens, but if he is in receipt of a pension of \$55 per month, he loses \$10.

Mr. THORSON: But he is getting treatment?

Col. THOMPSON: He is getting treatment.

Mr. ADSHEAD: That \$10 goes to the hospital?

Mr. THORSON: It goes to the Department.

Mr. HEPBURN: Did you say that it was intended to put everyone on an even footing in the hospital?

Col. THOMPSON: I did not say that.

Sir EUGENE Fiset: I did, and it does. If you consider the two clauses together, I think that you will find the consequences of the action proposed in clause (b) is to bring it into conformity with clause (a).

Mr. THORSON: Would a man with a high class disability pension lose by getting treatment, because he is then put on pay and allowance? If the pay and allowances are less than the amount of his pension, he loses considerably by going to the hospital to get treatment.

Col. THOMPSON: At the present time, if a man is on pension, he is taken into the hospital without pay and allowances.

Dr. KEE: That is for a non-pensionable condition; you must distinguish them.

Col. THOMPSON: Oh, yes. If he is taken in for a pensionable condition, of course he will receive pay and allowances.

Mr. THORSON: Under the present law?

Col. THOMPSON: Yes. This section No. 2 contemplates the man who is taken in on a compassionate allowance, or under some such condition. He does not receive any pay and allowances. The present practice is, where he is not receiving pay and allowances, that the Board pays the pension to the man, and the Department has to make its own arrangement as to whether he will pay, or whether he will not pay. This really makes it legal for the Department to charge the man.

Mr. THORSON: For treatment for other than a pensionable disability?

Col. THOMPSON: For other than a pensionable disability.

Mr. THORSON: But as regards a pensionable disability, no change is being made?

Col. THOMPSON: With pay and allowances. No, there is no change.

Mr. THORSON: The change is only in respect of treatment for non-pensionable disabilities?

Sir EUGENE Fiset: We must bear in mind that the pensioner will be receiving his pension, and in receipt of pay and allowances. While in the hospital he

[Col. Thompson.]

is receiving the maximum pension that he can get, under the law, and the medical treatment that he gets over and above that is a free gift. That is the difference between clause (a) and clause (b).

The CHAIRMAN: It is a treatment for which the Department, or the Government, is not in any way really responsible, as it does not arise out of service.

Mr. SPEAKMAN: As a matter of fact, the pensioner who is treated for a non-attributable disability, and who is in receipt of a high pension, is in a more favourable position than the man who is treated for a pensionable disability, because, with the attributable disability, he would be on pay and allowances, and the other would be receiving a pension in lieu of pay and allowances. If that pension were on a higher rate than the pay and allowances, he would be in a more favourable position. In regard to the first clause, is there an interim at the present time between the pay and allowances ceasing on the man's discharge, and the re-award of the pension?

Col. THOMPSON: At the present time, the pension never stops.

Sir EUGENE Fiset: If he is getting less than pay and allowances, then you pay the full pay and allowances?

Mr. SPEAKMAN: He resumes his full pension the moment he leaves the hospital?

Col. THOMPSON: The full pension always goes out from here.

Mr. SPEAKMAN: It does not alter the present practice at all, except in the method of administration?

Col. THOMPSON: Yes. Under the proposed amendment No. 1, the pension will cease as soon as he goes into hospital.

Mr. SPEAKMAN: But the actual effect will be the same, save for a difference in administration? The actual amount the man receives will be practically the same?

Col. THOMPSON: Yes. It is possible that there might be, I presume, a hiatus under the proposed change, because when he goes in the pension will stop, and when he comes out it will re-commence. Under the practice now prevailing, the pension never stops, goes right along, even when he is in there.

Dr. KEE: It would be a very small hiatus, because the documents would come right along.

The CHAIRMAN: Could you give us some explanation on this, Mr. Scammell?

Mr. SCAMMELL: I do not think that I can add very much to what Colonel Thompson has said, Mr. Chairman. This proposed amendment to the Pension Act is really made for administrative purposes. At the present time, the Department is paying both the pension and the pay and allowances. The pension may be variable amounts, so that one man receives so many dollars through the pension, and so many dollars through pay and allowances, while the next man receives more or less by pension, and more or less by pay and allowances. The first part of this section will put them all on exactly the same basis. The moment a man enters the hospital he is on pay and allowances, which are a fixed amount. The moment he leaves his treatment, his pension automatically re-commences. That is the first part.

The second part is, as has been explained. There have been a few cases, and in the future there may be more, where a man will be admitted to hospital on compassionate grounds. If such a man has a pension, we will say for an amputation, of eighty per cent, and he is suffering from tuberculosis not attributable to service, and it is decided on compassionate grounds to give that man treatment, it is not fair that he should receive a larger income while in the hospital

[Col. Thompson, and Mr. Scammell.]

for a non-service disability. There may be a man in the next bed who is suffering from a service disability and receiving less. This proposal is to put them on exactly the same basis.

Mr. THORSON: What is the particular advantage of putting a man on pay and allowances during the time he is receiving treatment?

Mr. SCAMMELL: It is a matter of administration. It is very much easier to handle it in that way.

Sir EUGENE Fiset: The man who is receiving a small pension, and who goes to hospital, gets the difference between his pension and the pay and allowances.

Mr. THORSON: If he is a low class pensioner.

Sir EUGENE Fiset: If he is receiving a high class pension, he is not really entitled to treatment, but the treatment is given on compassionate grounds. He gets a higher rate of pay than the other man, and it is only fair that it should be reduced to exactly the same rate.

The CHAIRMAN: You must remember that if he is a married man there would be certain allowances for his wife.

Sir EUGENE Fiset: I think the suggestion is quite proper and I realize the difficulty of the Department in administering the law.

Mr. THORSON: Most pensioners really profit, from a monetary point of view, by receiving pay and allowances while they are undergoing treatment?

The CHAIRMAN: Yes.

Mr. SCAMMELL: Seventy-five or eighty per cent would.

Mr. BARROW: The Legion is naturally opposed to the loss of any allowances for any class. It does not seem to be quite in accord with the pension policy to take away anything from a man's pension without his consent. If the purpose of the amendment is to even up two classes, it seems to be more in line with justice to raise the other class. That is, if a man is 100 per cent disabled, he should not lose because he has to go in hospital and lie on his back.

Sir EUGENE Fiset: But the first case is treatment that is due to the man; the second case is treatment given on compassionate grounds. That is where the difference comes in.

Mr. BARROW: The country is under the impression that the treatment is given. If a man, while walking around the streets, draws a 100 per cent pension, and draws a lesser income when he is in the hospital, he certainly is paying something towards his treatment.

The CHAIRMAN: All right, next.

Col. THOMPSON: No. 14. This is a suggestion to add subsections to section 29. The first will be section 29a, and will read:

"29a. (1) If any pension is retroactively awarded, the amount thereof which becomes retrospectively payable shall be paid or applied by the Department in the same way as it would have been paid or applied if the award had been made on the date upon which it retrospectively takes effect."

Mr. THORSON: What does that mean?

Col. THOMPSON: It is very badly worded, indeed.

Sir EUGENE Fiset: Are you reading from the Act or the amendment?

Col. THOMPSON: I happen to know what it means, or I might not be able to tell you. At the present time if a man makes an application for pension, or made an application in 1924, and the Board of Pension Commissioners refused him a pension, or the Department refused him treatment on the 1st of January, 1924, and, having been refused treatment and pension, he went to a private hos-

[Col. Thompson, and Mr. Scammell.]

pital in Aylmer, Quebec, and remained there for a couple of years and was cured or became worse, as the case may be, and he established his claim later, four years after having established his claim, the Pensions Board will pay him four years' arrears of pension according to his estimated disability from time to time, and he can do what he likes with the money, pay the hospital or not as he sees fit. Under the proposed 29a, the whole of that back pension shall be paid to the Department, and they can pay the hospital where he had the private treatment.

Mr. THORSON: They have that discretion where a pension is awarded without retroactivity? Can they make any deductions for payments of debts to any one else?

Col. THOMPSON: That is not the point here. I may say that the Board of Pension Commissioners never sanction collections in connection with debts.

Mr. THORSON: The point which troubled me is that it shall be paid to and applied by the Department.

Col. THOMPSON: Supposing his full pension for four years was at the rate of \$900 per year, that would be \$3,600. The practice of the Department, I am informed, is that where a man has been refused treatment or pension and has sought private medical attention, if his claim is afterwards established, the Department will, out of their own pocket, pay for such private medical treatment. Cases have arisen where we have made very large awards retroactively—

Mr. ADSHEAD: Not retrospectively?

Col. THOMPSON: No. I object to that word. We pay the pension called for by the Act, and the Department has paid for this private treatment and has been unable to collect it from the man. Under the proposed arrangement, the cheque will be paid to the Department and they will make their settlement with the private institution, whether the man wishes them to or not. If the Department refused treatment or pension, and the man has gone and made his own arrangements, and then establishes his claim, a man might object and say, "I received treatment, but I got it without payment because I was poor. I had to pay nothing." The Department in settling with the private institution, may pay the institution \$1,000 or \$2,000 in respect of the man receiving the medical treatment or attention.

Mr. THORSON: Without the consent of the man?

Col. THOMPSON: Yes.

Mr. THORSON: You think section 29A might empower the Department to do that?

Col. THOMPSON: It does. I object to the word "retrospectively." This is very involved and very obscure, but that is the general tenor of that amendment.

Mr. SPEAKMAN: In that case, under the proposed clause 29A, the Department may deduct from a man's pension a sufficient amount to pay for their own mistakes, because if a man proves that he should have been pensioned for four years, it is obvious that the Department had no real right during that time to refuse treatment, and the soldier had the right to treatment and pension.

Col. THOMPSON: Under this amendment he would have no control of the deduction.

Mr. SPEAKMAN: But if it is proven that they made a mistake, by the fact that the pension was made effective in a retroactive manner, they can pay the hospital which treated the man following their own mistake.

Col. THOMPSON: I happen to know from cases which have arisen that a man would say, "You are voluntarily paying something which you are not obliged to pay, and you want to collect from me."

[Col. Thompson.]

The CHAIRMAN: I call Col. Thompson's attention to the fact that in the explanatory note it says, "This provision is an obvious one."

COL. THOMPSON: I do not understand subsection 2 as proposed; it is absolutely meaningless to me.

The CHAIRMAN: Perhaps Mr. Scammell can explain that to us.

MR. SCAMMELL: The position is this. A man applies to the Board of Pension Commissioners for a pension for what he considers to be a service disability. He is ruled against; the ruling being that the disability is not attributable to service, and consequently he is refused treatment by the Department. Later, or perhaps immediately, he himself arranges to receive the treatment that he requires. His maintenance in hospital may be paid for by himself, or by the municipality, or by a charitable organization, or partly by one and partly by another. He, at the same time or a little later, appeals his case to the Federal Appeal Board, and the ruling of the Board of Pension Commissioners is reversed and he is found to be eligible for pension, and consequently for treatment with pay and allowance. His disability is such, we will say, that the pension awarded as a result was 100 per cent. He has been receiving treatment partly at the public expense. He receives a retroactive pension at the rate of 100 per cent. The hospital immediately bills the Department for the amount it has cost them to maintain this man. The man has in pension received more than the pay and allowance he would have received had he had treatment in the first instance at the expense of the Department. The man refuses to pay the hospital bill. The Department has, as in a case some time ago at St. Thomas—

MR. THORSON: Why is the Department obliged to pay?

MR. SCAMMELL: The Department is not obliged to pay, but the public think that as this man's condition was due to service, they should pay. It is not as easy as it sounds—

MR. ADSHEAD: It is easy to collect from the Department.

MR. SCAMMELL: They think it is easier to collect from the Department than from the soldier.

MR. ADSHEAD: Pensions are not attachable?

MR. SCAMMELL: No.

MR. ADSHEAD: You provide that it shall not be put in his estate, so the creditors can not get it.

MR. SCAMMELL: Oh, no—

MR. ADSHEAD: That is one of the objects of it, so that it shall go for his maintenance and keep; in this you are departing from your own general principle.

MR. SCAMMELL: Not at all. What we want to do is to place this man in exactly the same position that he would have been in had he received treatment at the hands of the Department. That is, he will receive from his pension an amount equal to pay and allowance. The Department will augment the difference between the balance of his pension and the cost of his treatment, and then pay the institution. The man is put in exactly the same position by this amendment that he would have been in had he been accepted in the first place.

MR. GERSHAW: He is really not paying the private hospital out of his own money?

MR. SCAMMELL: No, he would be in exactly the same position he would have been in had he been accepted in the first place.

The second part, which Col. Thompson does not understand, is this. A man is drawing a 20 per cent pension to-day. He is out of employment and the Department says, "All right, we will assist you by way of relief." If he is a married man without children, we will augment that income up to \$45 a month. We give him the same amount for relief as if he were receiving a 45

[Col. Thompson, and Mr. Scammell.]

per cent pension. Later on his pension is increased retroactively to, we will say, a 30 per cent pension, which creates an overpayment to him in that period of \$10 a month. Had he had the 30 per cent pension at the time that he applied for relief, we would have given him only \$15, but as he only had a 20 per cent pension we gave him \$25 a month. The stand taken by the Minister and by the Department is that he should not be in a better position, but be in exactly the same position that he would have been had he had that pension previously. That applies to both 1 and 2—to put the man in the same position he would have been in had the pension been awarded at the time he made the application either for pension or relief.

Mr. SPEAKMAN: The case as stated by Mr. Scammell seems perfectly reasonable, but I agree with Col. Thompson that the phraseology is weird.

Sir EUGENE Fiset: But on the other hand, it means that the Department charges the pensioner whatever charges may be established as bona fide? It means that if a poor beggar of a pensioner has applied to a lawyer, the lawyer presents his bill, and the bill is paid by the Department. Or if he goes to a doctor who happens to be a member of Parliament who promised to treat him free, but later finds out that the man is getting a retroactive pension, he would bill the Department and the Department has to pay it.

The CHAIRMAN: I agree with you, Sir Eugene.

Col. THOMPSON: I would suggest that it be differently drafted.

Mr. BARROW: Mr. Chairman, the Legion considers that a pension is a man's own property. It has been bought and paid for, and it is his. The proposal, while we do not ascribe any ulterior motive to the Department at all, really puts the Department as a buffer between the man's alleged creditors and the man. The average returned soldier is quite capable of handling his own business, and it seems to me to be a very irregular procedure for the hospital to bill the Department. The Department did not assist him, did not interfere with the man's private arrangements to enter hospital; it was purely a business matter between the man and the hospital.

There is another matter which I do not understand. The amendment is not very clear to us. Had the man received treatment from the Department, he would have received departmental pay and allowances during the period of treatment. Therefore, if he gets the retroactive adjustment of pension and the hospital bill is deducted from that, the departmental allowances are not credited, and he would seem to be out the cost. Furthermore, had he been in hospital there would have been no hospital charge and he would be receiving the departmental pay and allowance, which would not be much less than the 100 per cent pension. It seems that the man stands to lose on the question of hospital treatment.

Mr. THORSON: The cost of hospital treatment might be a good deal more than his retroactive pension. It might quite well be equal to the whole of his retroactive pension.

The CHAIRMAN: There is a sound principle in Government affairs, namely, that the Government shall not be a collector for any person, from an employee or anybody else.

Mr. THORSON: We have met that by making pensions free from attachment, kept it free from distribution as part of his estate in case it has been paid to him during his lifetime. We have followed that principle here. It appears to me now at first glance that we are departing from it.

The CHAIRMAN: It assumes that the man is not honest enough to pay, but we have no right to assume that.

Mr. SCAMMELL: I am afraid Mr. Barrow does not understand this. Suppose a man gets a pension of \$1,000, he would have been entitled to pay and

[Col. Thompson, and Mr. Scammell.]

allowances during the time he was in the hospital, say of \$700. He has contracted a hospital bill of say \$800. The Department would assume that liability of \$1,500, in other words would see to it that he got the amount of pay and allowances and would settle with the hospital.

Col. THOMPSON: The main object they want is to make their own settlements.

Mr. SCAMMELL: Which they won't do.

Col. THOMPSON: I know cases that have arisen. They say, "You or the Pension Board have deprived me of my pension for four years and have compelled me as indigent to seek relief from, or to seek the assistance of, my friends to get into hospital and it has taken four years of hospitalization to establish my claim and when it is established you want to decide as to whether you will pay and how much you will pay; I want to make my own settlement." That is the attitude after four years.

The CHAIRMAN: How much would the Government get back, Mr. Scammell?

Mr. SCAMMELL: The Government would profit by not touching this at all. A great many institutions, particularly the sanatoria, are going to lose by it.

The CHAIRMAN: If the Government pays the sanatoria charges under circumstances like these, how much would it cost the Government a year, \$10,000 or \$20,000?

Mr. SCAMMELL: More than that.

Col. THOMPSON: That must be inaccurate. We pay a pension to a man, call it \$3,000. Under this amendment the department will get the \$3,000 and out of that \$3,000 it will pay the private hospital. Presently the man gets the \$3,000, and the department may take an amount off to pay up the \$3,000 out of their pockets. They cannot profit by this.

Mr. SCAMMELL: Col. Thompson is wrong. We pay the man his pay and allowances. If the pension awarded is less than the pay and allowances, there is no question about it, we will make it up to pay and allowances. It is only where the pension is more than the pay and allowances and the department is billed by the hospital for his treatment.

The CHAIRMAN: Do you undertake to collect for the hospital.

Mr. SCAMMELL: No, we do not.

The CHAIRMAN: You assume to collect for the hospital, from his pay cheque?

Sir EUGENE Fiset: Do they protect public institutions? Take case after case of poor beggars living out in the country, who go to their own private medical attendant and have treatment at home; through compassion or otherwise they are charged but little fees by these doctors, but the moment the doctors hear that the department is going to adjust their claims, can you not see to what extent the poor beggars will be billed?

Mr. BARROW: Let it be clearly understood that a man never draws pension plus pay and allowances; therefore if a man gets \$3,000 adjustment, supposing there is a period in hospital when pay and allowances are credited, there is a period of deduction for that pay and pension, so that the deduction for hospital treatment is made from the one amount, not from pension plus pay and allowances.

Mr. SCAMMELL: But the pay and allowances are not credited in this case until the pension is awarded.

The CHAIRMAN: Let us leave that and go on with the next.

[Col. Thompson, and Mr. Scammell.]

Col. THOMPSON: No. 15. The following section is inserted in the said Act as section 29B:—

“ 29B. If the pensioner becomes an inmate of an institution as an indigent, the Commission may direct that the whole or any portion of his pension be paid to his dependents and any part of the pension not so paid may be applied by the department towards the pensioner's maintenance, clothing and comforts.”

Mr. THORSON: “ the Commission may direct ”——

Mr. ADSHEAD: How would he be an indigent if he had a pension? This would not cover the whole cost of his living.

Col. THOMPSON: If a pensioner has no dependents the Department under the suggested amendment may apply the whole or any part of a man's pension towards his maintenance in the institution.

Mr. THORSON: That is, if he has become an inmate of an institution.

Mr. ADSHEAD: And if he has no dependents.

Col. THOMPSON: Yes, if he has no dependents. At present if a man goes into such an institution as an indigent the pension is paid directly to him.

Mr. THORSON: And he can use it as pocket money.

Col. THOMPSON: The Department can pay his board and lodging out of it.

Mr. SCAMMELL: This provision is simply for the purpose of administration, Mr. Chairman. It really amounts to an Order in Council under which the Department may take into one of its institutions an indigent pensioner. If that pensioner has a pension of \$30 a month and has a wife, the Board of Pension Commissioners may rule that his pension may go to his wife. He goes into the institution, we pay him \$3 a month for comforts and \$7 for clothing. If the man has no dependents and has a pension of \$30 a month, this will provide for that \$30 a month to be paid to the Department, and we will treat him and give him the sum of \$10 a month. If he has a pension of \$50 a month, and no dependents, and he is taken in in the same way, we would take \$30 a month out of his pension towards his maintenance, and he would have \$20, \$3 for comforts and \$7 for clothing and an additional \$10, because his pension is over \$40. Now under the present arrangement that is carried out, but the man is put to the trouble every month of endorsing his pension cheque and it is to get over that administration difficulty that it is proposed to make it perfectly clear in the Pension Act.

The CHAIRMAN: I do not think that matters of departmental regulation should be inserted in this Act; they are too difficult to explain to the ordinary layman in any case.

Sir EUGENE Fiset: There is more than that. They can do exactly what they propose to do in accordance with the Order in Council.

Col. THOMPSON: Sir Eugene Fiset is wrong about that.

Sir EUGENE Fiset: Look at the foot-note.

“ This addition to the Act is intended to give statutory authority to the Orders in Council under which the Department is giving care and maintenance to indigent pensioners who required the same other than by reason of their war service.”

Mr. SCAMMELL: There is statutory authority.

The CHAIRMAN: At the present time they are asking the Department to collect.

Col. THOMPSON: They do not collect. It is only if a man assigns. A man at present gets his cheque; that is the intention, that the man shall receive

[Col. Thompson, and Mr. Scammell.]

his cheque and no person else. It means that when a man who is an indigent goes into one of these homes and the Department asks: "Will you pay or will you allow us", nobody can take it away. The intention is that it shall be statutory, not by Order in Council.

It is not necessary to read Number 16 of the suggested amendments by the Minister. It appears to be a very proper amendment and supplies an omission.

Number 17 proposes to amend section 30. It is adding to section 30 the following subsection:—

"(4) When a parent or person in place of a parent who was not wholly or to a substantial extent maintained by a pensioner previous to his enlistment or during his service by reason of the fact that such parent or person was not then in a dependent condition, subsequently falls into a dependent condition and is maintained wholly or to a substantial extent by the pensioners, the Commission may in its discretion award a pension to or in respect of such parent or person in accordance with the provisions of the preceding subsection."

At present there are two classes of dependents: first those who were dependent on the man at the time of enlistment, and second those who were not dependent on the man but who received assistance from him and subsequently became dependent, and where there was no pre-enlistment or service assistance. The parents, because they were in comfortable circumstances asked no assistance from the soldier but after discharge or subsequent to the man's death they became dependent; this amendment is to protect those people. I beg your pardon, I thought it was another clause. For instance, here is the present clause: if the man during service or prior to enlistment assisted his parents, comes off service with a disability, if his parents are in a dependent condition, he gets an allowance in proportion to the rate of his pension. Under the present statute if there was no assistance, he comes off the service and gets a pension, and his parents fall into a dependent condition; he can get no allowance for them, because there was no pre-enlistment or service assistance. This is to remedy that. For instance, a man enlists and makes no assignment to the parents because they are in comfortable circumstances. He comes off service, and for a number of years his parents are comfortably off and make no application for assistance. Then they fall into a dependent condition, he makes an application and there is an allowance made.

Sir EUGENE Fiset: Would that mean a very great expenditure?

Col. THOMPSON: Not a very large one. My criticism is not of the principle involved. My criticism is of the wording, which is very dreadful, and I suggest, subject to further consideration by the Committee that after the word "parents" all the following words be left out, from the word "who" in the first line down to and including the word "subsequently" in the fifth line. The words left out will be: (Reading)

"Who was not wholly or to a substantial extent maintained by a pensioner previous to his enlistment, or during his service by reason of the fact that such parent or person was not then in a dependent condition."

My suggestion is that the section should read: (Reading)

"When a parent, or person in place of a parent falls into a dependent condition, and is maintained wholly, or to a substantial extent" and so on.

Sir EUGENE Fiset: You suggest enlarging the scope.

Col. THOMPSON: I think there should be something definite in regard to awarding a pension. Under the Statute at present, he gets an award in propor-

[Col. Thompson.]

tion to his own pension. If he is a total disability pensioner, and has a parent who is totally disabled, he would get \$15 a month. If the man was only receiving a very small pension, he might only get \$1.50 for such parent.

The CHAIRMAN: Have you a suggestion there?

Col. THOMSON: I have not anything concrete.

The CHAIRMAN: You suggest that he should be paid according to the class.

Mr. SCAMMELL: It is \$180 per annum.

Col. THOMSON: I know, that is the maximum, but that is indefinite.

Mr. SCAMMELL: It refers back to the previous subsection?

Col. THOMPSON: Yes.

The CHAIRMAN: It is not an award of pension, it is a direction that pension should be paid?

Col. THOMPSON: Yes, an allowance in respect of a parent. I suggest to the Committee that there be something definite arranged there, say, \$15 for each parent, in proportion to the rate.

Sir EUGENE Fiset: If we agree on the principle, I suggest that Col. Thompson draft an amendment, and submit it to the Committee.

Col. THOMPSON: My amendment may be worse than the original.

The CHAIRMAN: In view of the fact that you have to administer the Act, it is well that you should put in something that you understand yourself.

Col. THOMPSON: Then, subsection 2 of section 32.

Sir EUGENE Fiset: Have you not passed over 16?

The CHAIRMAN: No, it is just simply a change in the words.

Col. THOMPSON: Subsection 2 of section 32 reads as follows: (Reading)

"Subject to paragraph one of this section, the widow of a pensioner who, previous to his death, was pensioned for disability in any of the classes one to five mentioned in Schedule A shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not; Provided that the death occurs within ten years after the date of retirement or discharge or the date of commencement of pension."

This amendment, the suggestion of the Minister, was put in at the request of the Pensions Board to save those who are in classes one to five, who die, whose death is not related to service, and whose pension would be stopped.

Mr. ADSHEAD: It was proposed to delete that ten-year provision, was it not?

Col. THOMPSON: That is another point.

Sir EUGENE Fiset: But the wording is correct?

Mr. THORSON: Is the wording to your satisfaction?

Col. THOMPSON: Yes, I think so. Nineteen was discussed. I pointed out when you were discussing it before that the amendment says "no rights or privileges to which a woman may become or be entitled under this Act"—and I pointed out that she has no rights at all, at present, and this is saving to her rights which do not exist. I suggest that it stand as worded.

Number 20, subsection 3 of section 33. Three reads: (Reading)—

"When a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, subsequently falls into a dependent condition, etc."

The amendment reads: (Reading)—

“When an application for pension is made by a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by a member of the forces at the time of his death but has subsequently fallen into a dependent condition, such application may be granted if the applicant is incapacitated by physical or mental infirmity from earning a livelihood and unless the Commission is of opinion that the applicant would not have been wholly or to a substantial extent maintained by such member of the forces if he had not died.”

I discussed that, I think. It is not the same as that of the Legion. It is along the same lines, but not the same.

Mr. BARRON: Is it not along the same lines as our proposal under No. 25? I would like, if I may, to ask Colonel Thompson two questions to see what his application of this Section would be. Supposing this amendment is accepted, will the Board award pension with no evidence whatever of the intention of the boy to maintain where the evidence is missing?

Col. THOMPSON: When there is absolutely no evidence of any sort?

Mr. BARRON: No letters and no evidence of any sort.

Col. THOMPSON: If an application were made in such a case as that, we would endeavour to get evidence pro or con; get whatever evidence was available. If there was absolutely no evidence, after investigation, of any sort or description, the applicant would be entitled to pension.

Mr. THORSON: You say this word would create a presumption?

Col. THOMPSON: Yes. There would be nothing to show the Board that the man would not have supported his parents.

Mr. BARROW: I think you have answered my second question too, but I would like to have it on record if I may. Will the Board refuse pension only when evidence is obtained on which to base the opinion that the son would not have contributed had he returned?

Col. THOMPSON: Are you not asking me to argue the question.

Mr. ADSHEAD: You are assuming there that he would have maintained the parents, without evidence to the contrary.

Col. THOMPSON: We are not criticizing it.

Sir EUGENE FISET: Is this decided?

The CHAIRMAN: It is for the Committee to decide whether they want it.

Mr. SPEAKMAN: It is not a criticism of policy, but of the terms.

The CHAIRMAN: Yes, of the terms. Then, 37.

Col. THOMPSON: Suggestion 21 amending section 37. The amendment will read: (Reading)—

“In the case in which a pension is awarded to a parent or person in place of a parent who was not wholly or to a substantial extent maintained by the member of the forces at the time of his death, in which case the pension shall be paid from a day to be fixed in each case by the Commission,”

The amending words are:

“or person in place of a parent”—which would seem to me to be very proper.

The CHAIRMAN: Have you ever refused a pension on the ground that they were not parents?

Col. THOMPSON: I think not, no; because we have always taken a foster-parent as a parent, within the meaning of the statute.

[Col. Thompson.]

The CHAIRMAN: Carried. Next?

Col. THOMPSON: The next, No. 22, is that subsections 2 to 8 inclusive of Section 51 of the Act be repealed, and substitutions made.

The CHAIRMAN: That is all about the machinery of appeal, is it not? That has been thoroughly discussed.

Col. THOMPSON: Yes.

The CHAIRMAN: What else is there? What is No. 23?

Mr. PATON: That was omitted in the statute.

The CHAIRMAN: Twenty-three is an additional clause to the schedule, which was inadvertently omitted?

Mr. PATON: That is right.

Mr. ADSHEAD: Where is that?

The CHAIRMAN: It is suggestion 23. They forgot to print it. It is an omission of the printer.

Mr. MCPHERSON: There was a question I asked Col. Thompson last night, and I understood he was to make a draft?

Col. THOMPSON: I have looked into that, and I think your suggestion is a very reasonable one. There ought to be an amendment to cover that, Section 4, the Department's suggestion. I have a very rough draft, and I will submit a finished one to the Committee when next it meets after the recess.

Mr. MCPHERSON: Very good.

Col. THOMPSON: Mr. Chairman, the meritorious clause was discussed, and the discussion became somewhat discursive. I suggest that in order to have the suggestions that I made yesterday in a compact form, the statement I now produce be read into the notes, then the Committee will have before it a correct and brief view of what I have suggested.

The CHAIRMAN: That may be done.

Col. THOMPSON: The statement is as follows (Reading):—

“There are two features to consider,—

“1. Is any change in machinery necessary, and if so, what?

“2. Is any change in the wording of the section necessary to make more explicit the type of case to be admitted?

“I suggest, for the consideration of the Committee as to the machinery provided for under the section—

“(a) That the Committee examine the cases allowed by the Federal Appeal Board but refused by the Board of Pension Commissioners. If the Committee considers that these should be admitted then I suggest that the Federal Appeal Board consider all such cases and that they be not referred to the Board of Pension Commissioners and that the Board of Pension Commissioners do not, as suggested by the Legion, first consider the case with the right of appeal. In such cases the Board of Pension Commissioners would be a useless wheel in the machinery.

“(b) If the Committee considers that the cases allowed by the Federal Appeal Board and disallowed by the Board of Pension Commissioners were properly refused I suggest that no change in the machinery is necessary.

“(c) If the Committee considers that the cases refused by both Boards should be admitted, I suggest that the remedy lies in the second suggestion, namely—that the wording of the section be changed and the definition be more explicit.

“If the cases refused by both Boards should have been admitted, in the opinion of the Committee, then the wording of the statute should be

changed. In any event the wording of the amendment as contained in the Minister's suggestion is not appropriate. In the Minister's suggestion provision is made in one part for ameliorating the condition under which pension may be granted and in the other part the provision is more circumscribed than in the present statute.

"I suggest that the Committee will be better able to arrive at a decision on both the above points after reading not only the cases already cited but additional cases—(a) where the pension has been allowed by both Boards; (b) where it has been refused by one Board; and (c) where it has been refused by both Boards."

The CHAIRMAN: If it is satisfactory to every one, we will adjourn now until the call of the Chair.

Witnesses retired.

The Committee adjourned to meet again at the call of the Chair.

THURSDAY, April 12, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock, a.m., Mr. C. G. Power, the Chairman, presiding.

The CHAIRMAN: We will proceed now, gentlemen; we have a quorum.

I have received a communication from Mr. Bray of the Soldiers' Aid Commission. Mr. Bray has some complaint to make, and I think it is well founded. He states that criticism has arisen amongst the returned soldiers with regard to his position in the matter of being heard as a witness before this Committee. Persons have said that he wished to be heard as a witness, and that the Committee would not hear him, and that has been of a nature perhaps to interfere with the good work which he is really doing on behalf of the returned soldiers with the Soldiers' Aid Commission. He asks me to make the matter plain to the Committee.

The facts are as follows: As Chairman of the Committee, I received a letter from the Chairman of the Pensions Board, suggesting that we could get a lot of valuable information from Mr. Bray. At my suggestion, the secretary of the Committee wrote to Mr. Bray to ask him to give us a summary of the evidence which he was prepared to give the Board. Mr. Bray replied to that by letter, saying that, generally speaking, he was quite satisfied with the Act as it stood, and with the administration of it by the Board of Pension Commissioners, and also that he particularly objected to certain sections of the Act being altered or amended. He also telephoned me to state that he was not particularly anxious to appear before us, but that if we wanted him, he would be glad to come on a certain specified date; that he would urge that in the Act the section with regard to the meritorious clause remain as it stood, and that the section with regard to diagnosis, or rather the practice with regard to change of diagnosis, be not changed. I told him that if that was all he had to say I did not think it was necessary to bring him along as a witness, but that I would submit it to the Committee.

Some misunderstanding arose owing to the fact that the Vice-Chairman stated that Mr. Bray had wished to appear as a witness; as I understand it, the Vice-Chairman did not have all the correspondence before him at the time. The matter was discussed before the Committee on two occasions, and finally, on a vote of the Committee, it was decided that it was not necessary to hear representations by Mr. Bray, and the matter was dropped. That is all there is to it.

Mr. McPHERSON: Mr. Chairman, I have a copy of your letter to Mr. Bray, and I wrote him advising him that I would take the matter up this morning. The explanation was given I think, on the 22nd of March, informally, but was not put on the record, while the statement that I made that Mr. Bray had asked to be heard, was put on the record on the preceding day. Our understanding was that the letter requesting that he be called was from Mr. Bray, and not from an official of the department. I advised Mr. Bray yesterday, by letter, that I would see that he was cleared, and that the whole blame for the misunderstanding was upon myself so far as the record was concerned. I regret very

much that any misunderstanding took place, but as the Chairman has said. I had not the previous correspondence, and I thought it was referring to a letter from Mr. Bray, instead of from the department.

The CHAIRMAN: That clears up that situation. Now, we have a letter addressed to Sir Eugene Fiset, which is as follows:—

OTTAWA, 3rd April, 1928.

SIR,—I am directed by the Prime Minister to acknowledge receipt of your letter, dated March 21st, 1928, regarding the case of Private Justin-Louis Durand, a French Reservist, who was receiving a pension from the French Government and who took his naturalization papers in Canada on January 31st, 1919.

Our High Commissioner in Paris, Mr. Roy, has been instructed to discuss the matter with the French Government.

I have the honour to be,

Sir,

Your obedient servant,

(Signed) O. D. SKELTON,

Under-Secretary of State for External Affairs.

I think we may as well put this in the record.

Sir EUGENE FISET: I want to call the attention of the Committee to the fact that we have done our share.

The CHAIRMAN: The Bill, or the Act respecting the disposal of certain canteen funds has been referred to this Committee. Colonel Laflèche has certain representations to make with regard to this Bill, and I advised him that it might perhaps be well to wait until we have larger representation of the Committee; that is, until to-morrow or next day. I do not think it is a matter that will take very much time, and I think we can probably decide it right there and then.

Further, I have an additional "Legislative Program" with regard to the Soldiers' Settlement Board, received from the Legion. This has been distributed to the members of the Committee. We have with us Mr. Herwig of the Soldiers' Settlement Board.

J. C. G. HERWIG called and sworn.

The CHAIRMAN: Go on Mr. Herwig.

WITNESS: The Soldier Settlement legislative program is not very large, mainly because the revaluation Bill was passed last year, and the revaluation has not yet been completed, so I suppose that most of the soldier settlers are awaiting the results of the revaluation. What we have in the beginning of the program, the first item deals with certain classes of soldier settlers who would appear not to be eligible under the revaluation provisions. If I may, I will read them:—

(1) That the benefits of the Revaluation Act be extended to certain classes of soldier settlers not now eligible, but who should be accorded relief within the spirit and intentions of this legislation—to be specific, the following should be included:—

(a) Those soldier settlers for whom land was purchased under the 1917 legislation, section 6, subsection 4 of this Act (7-8 George V, Chapter 21) provides that all loans other than loans on Dominion Lands shall be secured by way of mortgage. Section 68 does not cover mortgage loans. Soldiers, for whom land was purchased under 1917 legislation, therefore, cannot benefit.

[Mr. J. C. G. Herwig.]

Section 68 is the Revaluation Section.

Perhaps I might read the 1917 legislation. Section 6, subsection 4 is—

All loans upon Dominion Lands shall constitute a first charge against the lands; and all loans upon other lands shall be secured by first mortgages; and all loans shall in all cases bear interest at the rate of 5 per centum per annum.

Now, the Revaluation Section is section 68 (1919).

By Mr. Adshead:

Q. That mortgage at 5 per cent was not to the Dominion Government?—A. The Dominion Government held the mortgage. That is the only way they could hold land, the settlers. Now, section 68 is as follows:

Notwithstanding anything in this Act, the settler who has agreed to purchase any land—

I need not read the whole Section—

and who has not assigned or transferred his interest in his land.

I refer particularly to the words: "The settler who has agreed to purchase any land from the Board." The settler of 1917 was not in the position of having agreed to purchase land from the Board, and therefore he was not entitled to consideration.

By Mr. Adshead:

Q. But the Board held the mortgage?—A. The Board held the mortgage, yes.

Q. Was it an assigned mortgage or a straight mortgage to the Dominion?—
A. A straight mortgage to the Dominion.

By Sir Eugene Fiset:

Q. Do you mean to say that the Board did not hold those mortgages when the Board was organized?—A. I beg pardon.

Q. Do you mean to say the Board did not take over those mortgages when the Board was organized?—A. Well, they did not change the class of loan, from a mortgage loan to an agreement of sale.

By Mr. McPherson:

Q. You are referring to where a soldier bought land from a third party, took title to himself, and then mortgaged it to the Board?—A. That was the process, yes.

Q. Therefore, he did not hold an agreement of sale with the Government?—
A. That is right.

Mr. ADSHEAD: He held it with the original purchaser.

Mr. MCPHERSON: He had given a mortgage, and he had cleaned that up.

WITNESS: The next one is paragraph (b) (Reads):

(b) A soldier settler who has purchased land from the Board on tripartite agreement, assuming the actual indebtedness of the previous settler. Such a settler is now excluded from the benefits of revaluation. Had the first settler quit claimed and the second purchased the land direct from the Board, he would have received revaluation. It is submitted such a settler purchasing on tripartite agreement should receive relief under the Revaluation Act.

(c) A soldier settler who purchased a farm when prices were high, between the years 1916-1923, made a substantial down payment of say \$1,000 to \$1,500 on a \$4,000 farm and took title. His application was

[Mr. J. C. G. Herwig.]

technically made as an application for the removal of encumbrances. The Soldier Settlement Board took title to the property and resold him the land on agreement of sale. He may or may not have received advances for stock and equipment and permanent improvements. It is submitted this class of settler is entitled to revaluation and his substantial down payment should not be a prejudicial factor in the transaction.

By Sir Eugene Fiset:

Q. Will you tell us why these were not included when the new legislation was passed?—A. I could not tell you that, sir. I think that possibly whoever drew up the legislation had in mind that all were held under an agreement of sale.

Mr. McPHERSON: No, the third class covers cases like this: A soldier bought of his own accord land from a private person; he closed the deal, and perhaps gave a mortgage back to that private person. The Government had nothing to do with that, but eventually they advanced him the money to pay off the liability to the private person, and the original payment on account of that would not show in the deal with the Government. The reason it was not included, I think, if I remember rightly, was that there was no direct connection between the Government and the Soldier Settlement Board, and the soldier on his original purchase, and it was really a matter of a loan from the Government instead of a purchase. I am not suggesting that they should not receive consideration, but that is the explanation of it.—A. I think that is right.

Q. A man is a soldier settler, and pays a large sum down; many of them only pay 10 per cent down; he puts more money into the proposition, but because of that, more or less, he cannot receive any benefit.

Mr. ADSHEAD: How about the soldier who paid cash down?

Mr. McPHERSON: I know cases where the payment down was more than the land is worth to-day.

Mr. THORSON: It was very strongly argued that provision should be made for that class of soldier settler who had paid for his land in full.

WITNESS: The next is:

2. That, regardless of whether revaluation has been allowed or applied for, the total indebtedness of a settler, including arrears, be consolidated and the whole amortized over the remaining period of the loan.

Explanation

It is submitted that such a measure would involve no financial outlay and would provide benefit to those who do not obtain relief by revaluation. In addition, the spreading of arrears over future payments would raise the morale of all settlers now in arrears and enhance their chances of ultimate success.

By Mr. McPherson:

Q. Is the department not doing that now?—A. Under the revaluation they have, but we are thinking to some extent of the man who does not benefit by a revaluation.

Q. But if he came under the Act, he would come under that provision also, so that this is not really necessary?

Mr. THORSON: It is only necessary in respect of those whose lands are not revalued down, and where they are in arrears that those arrears be added to the principal.

Mr. McPHERSON: All they would have to do would be to write them down \$10 a farm and they would come under this law.

[Mr. J. C. G. Herwig.]

Mr. ADSHEAD: How would it be with the man who had paid for his farm and now has a mortgage on it; would he come under this Act, if he paid in full, and he mortgages it now?

Mr. MCPHERSON: I do not think you will find a man who has paid in full and has them mortgaged it to the government.

Mr. THORSON: No, not mortgaged to the government, but to a private person.

WITNESS: In regard to the amortization idea, I think the act as a matter of fact does provide for amortization in any case in which the Board may deem it necessary. This suggestion arises out of the fact that from soldier settlers from several parts of the Dominion we get suggestions that the Board find it necessary to close them out in an almost arbitrary manner, that they require to do that because they require the land for British settlement. I do not think we have any evidence to show that that has actually been done. There are one or two cases where perhaps it would seem that they closed the men out too soon.

By Mr. Adshead:

Q. They closed one man out to put another settler in?—A. To put another settler in, under the British Family Settlement Scheme.

Q. They put a returned soldier out, in order to put another man in?—A. I do not think they do that, but that is the feeling, that they do do it. Many soldier settlers have sent in resolutions asking for remission of interest, for instance, from districts where they are having a pretty bad time.

Q. You use the phrase: "That, regardless of whether revaluation has been allowed or applied for, the total indebtedness of a settler"—Does that mean his total indebtedness whether for land or stock?—A. The total indebtedness, the whole thing will be amortized.

Mr. ADSHEAD: But stock indebtedness would not show in the indebtedness on the land.

Mr. SPEAKMAN: All indebtedness, any charge against the property. The procedure asked for is exactly what was followed in 1922, apart from the remission of interest in arrears, and it was to do away with the question of arrears which had accumulated and which called for immediate payment.

WITNESS: That is right.

Mr. SPEAKMAN: The Board has power, but in my own experience they have never exercised it; they have power to close out, on account of arrears. I think the request is to guard by statute rather than to offset any action, to safeguard them against future action rather than as against actions that have already taken place.

WITNESS: I might cite a case where we think this might help. There was a soldier settler who for five years had made payments, and up to 1925 was only slightly in arrears; in 1926 and 1927 he claims he had a bad crop, and so on, and could make no payments. At the end of 1927 the Board practically closed him out. His indebtedness then, with the municipal taxes, was something around \$1,000. We think if a case like that comes along, after a revaluation of the land, and he gets no benefit from revaluation, the amortizing of his loan would be a benefit to him. If he shows he has made payments for five years, there is no reason why he should not continue to do so, with an ordinary measure of luck, I suppose.

Mr. MCPHERSON: In those cases I think you will find the suggestion is this—and I am fairly well in touch with it—that there were absolutely no returns from farming in most Manitoba districts in the last three years; they were just paying operating and interest charges. As far as I know, the Board are re-

[Mr. J. C. G. Herwig.]

valuing all these lands. The point really does not rise upon your suggestion. If they do not revalue them at a point at which they can resell the lands, you cannot succeed in carrying on. The revaluation is going to be the basis of the success of the scheme.

WITNESS: More or less.

By Mr. McPherson:

Q. And if they revalue it, they spread it over?—A. Yes, sir.

Mr. ADSHEAD: I have known settlers who had bought lands at the inflated prices of about 1920, and who have been forced off. I think it is only fair to them to say that if we find that these lands could be revalued to enable them to carry on now, they should be given a chance.

Mr. THORSON: Cannot they re-enter on these lands, provided they are not taken by someone else?

Mr. ADSHEAD: They could re-enter under the new condition; but their old payments are all gone, if a man bought a farm for \$2,000 and paid \$200 down.

Mr. SPEAKMAN: If the land has not been sold, the man may be reinstated in his agreement.

Mr. ADSHEAD: At the revaluated price?

Mr. SPEAKMAN: At the revaluated price.

Mr. ADSHEAD: I hope so. I was not sure of it.

Mr. SPEAKMAN: And it will carry with it any payments he has made.

Mr. ADSHEAD: Is the interest carried on from the original time?

Mr. MCPHERSON: A new deal is made.

Mr. ADSHEAD: That is what I want to know. I was not sure.

WITNESS: I do not know that there will be very many who will benefit by that, because it will mean an additional loan for stock and equipment, and the Board is not in a position to do that.

By Mr. Speakman:

Q. It is covered in the Act?—A. It is covered in the Act; that is the idea.

The CHAIRMAN: What is the next?

WITNESS (Reads):

"3. That the provisions of the Soldier Settlement Act with respect to advances on Dominion lands should be continued and that the Soldier Settlement Board be authorized to make advances to ex-soldiers already settled or who may settle on homesteads or soldier grants.

Explanation

Land Settlement and Colonization of unoccupied lands is one of the foremost needs of the Dominion. The settlement of undeveloped or homestead lands constitutes actual settlement of the soundest type. Families settled on such lands are performing real pioneer colonization service for Canada. It is urged that eligible ex-soldiers already settled or who are willing to settle on homestead lands or soldier grants should receive support and encouragement from the Dominion Government by way of financial assistance and supervision service."

By Mr. Adshead:

Q. The first paragraph states a policy which perhaps we might not all agree with?—A. Under the Act it is still possible I think to advance these loans, if there is any money available, and if money were made available the Board could

[Mr. J. C. G. Herwig.]

continue to advance loans. We do not ask for a general opening-up of the Soldier Settlement Act.

By Mr. Thorson:

Q. Is it not really request that the Soldier Settlement Act be opened up again?—A. Only in so far as the settlement of Crown Lands is concerned.

Q. But to open it up as far as the settlement of Crown Lands is concerned; that is what this request amounts to?—A. That is what it amounts to.

By Mr. Speakman:

Q. Do you ask for the amount of loans?—A. We do not want to ask for the amount of loans that is possible under that Act. We suggest that the loans to be issued should be for improvements only, up to about \$1,500, and it should be apportioned only when the settler has demonstrated that he is a bona fide settler by performing certain work on the land.

By Mr. Thorson:

Q. Is there a widespread demand for that?—A. The best way to indicate that is, to refer to the report of the Soldier Settlement Board in connection with soldier grants. Last year I think they amounted to something over four hundred

Q. Soldiers are now granted homesteads without payment of any dues?—A. Yes.

Q. Is there any remission of service, any remission of development of the homestead?—A. No, I do not think so.

By Mr. Adshead:

Q. He has the same duties as the ordinary settler?—A. The same as an ordinary settler.

By Mr. Thorson:

Q. He has the same duties as an ordinary homesteader, but is not asked to pay the \$10?—A. Yes. To indicate that there is still some demand for this kind of loan, during the last year there were 456 returned soldiers filed on grants for returned soldiers' lands.

Q. Where are they, mostly?—A. I do not know where they are. I could not give you that information, but soldier settlers generally, about one half of the soldier settlers, are settled on Crown lands.

Q. That is, settled on soldier grants?—A. I think there are about 15,000 soldier grant entries, and of that number only 3,600 received loans, so that there were practically 12,000 who did not receive any loans at all, who simply took their soldier grants.

Q. How many are settled under the Soldier Settlement Scheme?—A. Fifteen thousand were settled.

By Mr. Adshead:

Q. That is, on lands that were bought?—A. No, on Crown lands; fifteen thousand were settled on Crown lands.

Q. That is, homesteads?—A. Homesteads or soldier grants.

Q. Do you know how many failures there have been in the soldier grants?—A. There were about five thousand abandonments. We would have to count them as failures.

Q. How many do you know of out of the total number bought?—A. I don't know. There would be now about seven or eight thousand men on soldier grants, who have received no loans, and last year there were 456 new entries into soldier

(Mr. J. C. G. Herwig.)

lands. That would only include the number who received new soldier grants. There might be a large number of others who entered upon homesteads.

Mr. ADSHEAD: They did not have the \$10?

Mr. MCPHERSON: Land that came back to the Soldier Settlement Board?

WITNESS: No, it is Crown land which the soldier may obtain in addition to a homestead.

Mr. ADSHEAD: An extra quarter section?

WITNESS: Yes, in addition to the homestead.

By Mr. Speakman:

Q. It is more like a pre-emption?—A. Yes. Under the soldier grant, the pre-emption dues are remitted; about \$3 an acre I think.

By Mr. Adshead:

Q. What has he to do?—A. He has to perform duties the same as the homesteader. A lot of men are still going on Crown lands, into pioneering.

By Mr. Thorson:

Q. Have you any figures showing the rate of progress in the last few years; is it a steady stream?—A. I have not got that.

Q. We will get that from the Board?—A. You can get that from the Board. That deals with the Canadians. We feel, and it is the general feeling, I think, throughout the Legion, that we want British immigration. At the same time, there is a great deal being done for the British immigrant; under the Three Thousand Families Scheme they can get \$1,500. We feel that the Canadian Government could do as much, and open up Crown lands. That is the basis upon which we ask for this extension of loans.

By the Chairman:

Q. The first thing you know we will refer you to the Committee on Agriculture and Colonization.—A. We may have to go there yet. (Reads):

4. That, where an ex-service man not having had a soldier grant and where he has subsequent to enlistment paid pre-emption dues or purchased homestead fees, he be permitted to convert his holding into a soldier grant and fees so paid be remitted.

Explanation:

There are ex-service men who paid up their dues for pre-emptions prior to July 7th, 1919, who were not permitted to convert their holdings into soldier grants. Those having pre-emption subsequent to that date were permitted to convert and secure repayment of dues and immunity from further payment. We are asking that the privilege be extended to the former group in accordance with recommendation of Ralston Commission.

By Mr. Thorson:

Q. When was the system of Crown grants to returned soldiers instituted?—A. That was in the 1917 Act. These I am referring to are mostly men who had got their pre-emptions before 1917.

[Mr. J. C. G. Herwig.]

By Mr. Adshead:

Q. It was not in connection with other or former war service?—A. No, just soldiers in this war. I might read the recommendation of the Ralston Commission:

The Commission considers that in order to provide as far as possible for uniform treatment and to encourage the bona fide soldier settler it would be advisable to allow conversion in all cases where a soldier has not had a soldier grant and where he has, subsequent to enlistment, paid pre-emption or purchased homestead fees, but that, in order to insure that this privilege is being given those whom the Country particularly desires to encourage, such conversion be allowed, as to cases prior to July 7th, 1919, only where the Settlement Board certifies that the settler is actually in occupation and satisfactorily using the land which it is now proposed to convert, and that in all cases of conversion as above the fees paid in connection with the pre-emption be remitted.

Witness retired.

EDWARD JAMES ASHTON called and sworn.

The WITNESS: Mr. Chairman, shall I briefly cover the ground here? I can give you certain particulars. What I have come prepared to do is to speak briefly on these recommendations.

The CHAIRMAN: All right, sir. Go ahead.

The WITNESS: The recommendation under subsection (a) of suggestion 1 that those soldier settlers for whom land was purchased under the 1917 legislation be brought under the provisions of the revaluation amendment, will affect a number of returned soldiers. Prior to the 31st of March, 1919, \$1,383,000 was expended, most of which was expended under the old Act. Under that Act no matter whether the soldier already possessed the land or the land was an entirely new purchase for him, the transaction had to be documented by way of mortgage, and these men are shut out from the provisions of this legislation. We have referred the case to the law officers of the Crown, and it is their decision that the Act does not cover these men. As to how many men there are, it is a little difficult to say. The loan under the old legislation could not exceed \$2,500. The average loan was probably about \$2,000, so that about 600 cases were dealt with under the 1917 legislation. Of those 600 cases only a portion of them had any very great consideration coming. There is a portion of them who have a moral right for consideration, because in their cases a parcel of land was bought, they put up a very small payment, and instead of the transaction being documented by an agreement of sale, as under the later Act, the title was passed direct to the new purchaser and the mortgage taken to the Crown.

By Mr. Thorson:

Q. Under the 1917 legislation?—A. Under the 1917 legislation; that was the only way it could be done.

By Mr. McPherson:

Q. Did the Department check in any way the purchase of this land?—

A. Oh yes.

Q. And passed on the purchase?—A. Yes.

Q. Before they advanced the mortgage?—A. Yes, they did.

[Major E. J. Ashton.]

By Sir Eugene Fiset:

Q. Is that prior to the new Act?—A. Yes, prior to the new Act. I do not think though there is more than a percentage who are in the class I have just mentioned, because a big proportion of the 600 dealt with under the 1917 legislation are men who already owned land or who had a mortgage on it, or who had just come back and had not very much stock and equipment to start with, and who required assistance to start on the land they owned prior to going overseas.

Q. Do I understand correctly that you said there were 600 cases altogether?—A. Yes.

Q. And out of those 600 there is a proportion of them which will be settled under the new Act.

Mr. THORSON: No.

The WITNESS: No, a portion of them for whom land was purchased.

By Sir Eugene Fiset:

Q. But by some machinery they can come under the new Act?—A. They cannot, no.

Q. Then you will be dealing with the 600 cases in toto?—A. In toto, yes.

Q. Is your Board favourable to this proposed legislation?—A. I think it is only just that the men for whom we purchased the land—

By Mr. Thorson:

Q. That the men for whom you purchased the land should come under the scheme?—A. Yes.

By Mr. McPherson:

Q. But not the men to whom you merely made a loan to help them on the land they already owned?—A. No.

Q. And you say a proportion of the 600 would come under this latter class?—A. Yes.

By Mr. Thorson:

Q. Only a small proportion would be men for whom you bought land?—A. Yes. You see, there are not many farms which can be purchased for \$2,500 and find a sufficient amount of tools and equipment to start with.

By Mr. Adshead:

Q. So you will not be dealing with all of the 600 cases?—A. By no means.

The CHAIRMAN: The next suggestion.

The WITNESS: The next is the case of the soldier settler who purchased land from the Board on a tripartite agreement. We also referred that class of cases to the law officers of the Crown and they have ruled that we can deal with those settlers whose transactions constitute just a transfer of rights.

By Mr. Thorson:

Q. That you can deal with them?—A. Yes.

By Mr. McPherson:

Q. Then you do not need this amendment?—A. No.

Sir EUGENE Fiset: Strike it off as we go along.

[Major E. J. Ashton.]

By Mr. Speakman:

Q. Is that ruling a recent ruling?—A. Quite recent; in fact, very recent.

Q. You did not know until lately that the Board could deal with that class?—A. Quite. And the reason for that was this, that under our legislation a soldier settler who goes into salvage still owes for the price of the land and the stock and equipment. If there is any surplus in the transaction after the total sale has been made, it goes back to him. We will in all probability cut off in some cases the surplus.

By Mr. Thorson:

Q. You say it has been ruled that the Department can deal with a case such as this where a soldier settler has assigned his interest in the land out and out to someone else, but would it apply where that soldier settler had sold his land by an agreement of sale to another soldier settler?—A. No.

Q. It would not apply in that case?—A. No.

Q. That is really a tripartite agreement. The other is just a transfer of rights.—A. This particular case with which we are dealing now is the sale by one settler to another settler with the Board's consent and party.

Q. An out and out sale?—A. An out and out sale by one soldier settler to another soldier settler.

By Mr. Adshead:

Q. To another soldier settler?—A. Yes, where there is no equity involved. The Justice Department ruled, and I think rightly, that where there was an equity involved we could not touch it because we would be taking away by legislation an equity a soldier had made by private negotiation.

By Mr. Thorson:

Q. So that when a soldier settler has sold his interest in the land outright to another soldier settler, you cannot deal with that because there is nothing remaining to be done between the two?—A. Quite.

Q. But where the soldier settler has sold that land to another soldier settler, you can deal with it?—A. Quite.

By Sir Eugene Fiset:

Q. And under the present ruling of the Justice Department, the Department has the right to deal with such cases as are brought before the Board?—A. Yes.

By Mr. Adshead:

Q. Is there any danger of that ruling being reversed?—A. There is always that danger.

By Mr. Speakman:

Q. But there is no one to make an appeal in that case.—A. I do not think so.

The CHAIRMAN: Next item.

The WITNESS: A soldier settler who purchased a farm when prices were high, between the years 1916 and 1923, and made a substantial payment of, say, \$1,000 to \$1,500 on a \$4,000 farm, and took title. The law officers of the Crown have decided that we cannot deal with that man under the revaluation legislation.

By Sir Eugene Fiset:

Q. Do you get many applications of that kind?—A. I could give you the number, sir. We have loaned seven million dollars, and secured it by way of mortgages, and a good many of these people would like a revaluation.

[Major E. J. Ashton.]

By Mr. Adshead:

Q. Your Board feels that an injustice is being done to these men?—A. No, sir, because they bought the land on their own initiative, completed the transaction, and later came to us for assistance.

By Mr. Thorson:

Q. It was not really a Soldiers' Settlement scheme in the first place?—A. It was not.

By Sir Eugene Fiset:

Q. They had the option of taking the benefits of the laws that existed, if they had been willing to? In other words, the agreement they entered into was their own agreement, undertaken voluntarily, without consulting the Department, or anybody else?—A. Quite.

The CHAIRMAN: The question is whether these chaps are not entitled to some consideration because they did not run to the Government for assistance right at the start.

By Sir Eugene Fiset:

Q. There is a draft amendment to the Bill to be made, and I would like to know if the Department would be prepared to prepare that draft?—A. We would have to consult the Minister on that.

The CHAIRMAN: They would have to have our recommendation.

Sir EUGENE FISET: But after our recommendation is made, will they do it instead of us?

The CHAIRMAN: We could request them to do it.

The WITNESS: With regard to suggestion 2, perhaps I had better read you the legislation in connection with it. Under Section 68, which was passed last year, the Government laid down that, upon the settler's account being so credited, that is, after revaluation, the balance then owing by the settler, for all purposes, shall, at the discretion of the Board, be consolidated and deemed to be the settler's total indebtedness.

By Mr. Thorson:

Q. And is it held that that provides for amortization of the payments?—A. It certainly does.

By Mr. McPherson:

Q. Where there is a revaluation?—A. Where there is a revaluation.

Q. But not where there is a continuation of the existing contract without reduction?—A. As a matter of fact, we consider that we have the right to consolidate, under existing legislation.

By the Chairman:

Q. That is to say, you have often carried into effect this recommendation?—A. It was carried into effect after 1922, in connection with all Soldier Settlement loans.

Mr. THORSON: The Board has authority to carry out this request.

The CHAIRMAN: The Board has authority, but apparently this is a request for a new revaluation.

[Major E. J. Ashton.]

By the Chairman:

Q. Is that right?—A. No. I know what has brought this up. It has been brought up because there have been a number of requests to consolidate loans from settlers. We have not been able to deal with them, because time is not given, when we come to do it. Another reason is that there are settlers whose accounts are in such shape that it does not appear that any good purpose would be served by consolidation.

By Mr. Adshead:

Q. They are so bad, you mean?—A. Yes. Take a settler whose account is seven or eight hundred dollars in arrears for taxes, and who has made very few payments in the last seven or eight years. He may not be much of a worker. Unfortunately, we have a few of them, and they are the first to ask for a consolidation of their loans.

Q. You are laying the failure to the settlers, not to the crops?—A. In some cases, yes.

By Mr. McPherson:

Q. The effect of this amendment would make it compulsory on the Board to consolidate, while at the present time you use your discretion?—A. At the present time, it is discretionary.

MR. ADSHEAD: Is this not the same thing as the Farm Loans Act, passed last year?

MR. MCPHERSON: Oh no, the Farm Loans Act was practically a loaning proposition, on terms spread over a long period of years; this is a consolidation of past indebtedness.

SIR EUGENE Fiset: But the fact remains that there is power, under the present law, for the Board to deal with these cases as they think fit. Is it the duty of this Committee to go further than that?

By Mr. Speakman:

Q. Under what section of the Act have you that power? I remember the Act of 1922 very well, and that provided for the consolidation and amortization as of a certain date, I think it was October, 1922. Under what section of the Act have you the power to reconsolidate?—A. I am afraid that I will have to ask you to leave that until I come before the Committee again.

MR. SPEAKMAN: The Act of 1922 covered the consolidation of arrears up to that date, but it did not deal with the reconsolidation in after years.

THE WITNESS: The next suggestion is No. 3. One of the first limitations in 1924, put on us by the Government, was the closing out of new loans on Dominion lands, and this is a question for Parliament to decide entirely, whether they desire the reopening of soldiers' settlement legislation for some broad class of settlers.

By Mr. Speakman:

Q. You still have the power, if money is provided?—A. We still have the power, if we had the funds. In addition to that, we have had definite instructions from the Government dealing with this thing.

By Sir Eugene Fiset:

Q. Is that a question of policy?—A. It is a question of Government policy.

Q. And dollars and cents?—A. And dollars and cents, yes.

By Mr. Speakman:

Q. It has nothing to do with any amendment to the Act?—A. Not at all.

SIR EUGENE Fiset: They have sufficient power.

The CHAIRMAN: We could recommend that the Act be reopened.

Mr. ADSHEAD: All we have to do is to recommend that they vote funds.

The WITNESS: Suggestion 4 deals with cases which came entire under the purview of the Department of the Interior, and not under our jurisdiction. They set the rules with regard to the repayment of pre-emption dues, and it is covered on page 83 of the Summary of Regulations and Departmental Rulings of the Department of the Interior, which is pamphlet No. 19.

By Sir Eugene Fiset:

Q. Was it assented to by Order in Council?—A. I could not tell you that, but I presume it is.

By Mr. McPherson:

Q. They are the general rules of the Department of the Interior in reference to the Dominion Lands Act?—A. Yes, the general rules of the Department of the Interior.

By Sir Eugene Fiset:

Q. Has the Department of the Interior the power to deal with such cases, under this Act?—A. Not under our Act, but under its own legislation.

Q. Supposing a case should come to the Settlement Board, and you know you have not the power to deal with it, but you know that the Department of the Interior has the power to deal with such a case, do you refer it to the Department of the Interior yourself?—A. We refer the case direct.

Q. And have they the power to deal with it?—A. They have taken the power to deal with certain cases.

By Mr. Adshead:

Q. Whether they had it or not?—A. They have the power, probably would be the better way to say it. They have wide discretionary powers.

By the Chairman:

Q. I believe you wish to make a general statement?—A. The part of our work, which is probably of the most interest here, is that which deals with revaluation. I have a brief statement giving the present position of the work in that connection.

Q. In tabulated form?—A. In tabulated form.

The CHAIRMAN: They can be placed in the addenda.

(Statement printed in addenda.)

The CHAIRMAN: Mr. Thorson, you asked certain questions of the other witness, which he said would be referred to Major Ashton.

Mr. THORSON: I have forgotten them.

Mr. MCPHERSON: It was with reference to the number of new applications that were made by soldiers for grants over a period of years, and whether it was a continuous matter, or only temporary.

The WITNESS: I cannot give you the particulars year by year to-day, but I can get them. As Mr. Herwig told you, the soldiers' grants during 1927 numbered 426. The Act has been in force for ten years, and 15,757 entries have been made from time to time, which would indicate that they are somewhat less than they were at first. Now, the next question that was asked at that time was, where were these soldier grant lands.

By Mr. Thorson:

Q. Before you go on with that. What I wanted to get at was whether the figures showed a steady decrease in the number of applications for admission to land grants?—A. It would show a decrease undoubtedly a year or two on.

[Major E. J. Ashton.]

Q. Has it been very marked in the last few years, the decrease, I mean—from your recollection?—A. Yes, it has been fairly marked.

By Mr. Adshead:

Q. It cannot help it very well. Have you got any records there as to the number of soldiers who took up homestead lands, and who have abandoned or failed?—A. 5,667.

Q. Do you know from what part of the country that is?—A. Forty seven of them were in British Columbia; twenty-four/thirty-three in Alberta.

By Mr. Thorson:

Q. Is that a per cent?—A. No, that is the number; two thousand four hundred and thirty-three. (2,433). 1,985 Saskatchewan. 1,202 in Manitoba.

By the Chairman:

Q. How many in Manitoba?—A. 1,202 in Manitoba.

By Mr. Thorson:

Q. What was the total number all together that took up land?—A. 15,757.

By Mr. Adshead:

Q. Can you give me the different provinces in which the 15,557 were distributed?—A. Yes, sir, 434 were in British Columbia; 6,402 were in Alberta; 5,885 in Saskatchewan, and 3,036 in Manitoba.

Q. Have you any particular reasons for their abandonment?—A. It would be difficult to give them, although we can say this, that there is a common experience in connection with both homesteads and soldiers grants, that a number of them are filed on by people without very much knowledge of the land, and held for two or three years, and then dropped.

Q. It was not through failure of crops?—A. In a good many cases, no. I would say in a number of cases, the land was not effectively occupied.

Q. And the land that was effectively occupied was successful?—A. Well, that is rather a difficult question, but I can say this, sir, that settlers on Crown Lands have been equally successful with settlers on purchased lands; in fact, a little more successful.

Q. Because they had no payments to make?—A. They had lesser payments.

The CHAIRMAN: Have you any further questions to ask Major Ashton? If not, we thank you very much Major.

I will now call Colonel Laflèche. Yesterday, or the day before, the House referred to this Committee Bill No. 39, having reference to the disposal of canteen funds. Colonel Laflèche has some suggestions to make to the Committee.

COLONEL L. R. LAFLÈCHE called and sworn.

WITNESS: Mr. Chairman, I think both of us had hoped that there would have been a larger representation of the members of the Committee; but although some of them are not present at the moment, I think it is the desire of your Committee to proceed and to close up as quickly as possible. Bill No. 39 is an Act respecting the disposal of certain canteen funds. It was submitted to the House of Commons on the 14th of February, and the day before yesterday was referred to the kind consideration of this Committee. The purposes of the Bill are as follows:—

By the Chairman:

Q. First, what canteen funds does the Bill refer to?—A. The canteen funds referred to are the profits made and not disposed of before being called upon to

turn them in to the Receiver General by units which never left Canada. This Bill would, if it were to pass, distribute the funds composed of an initial capital of \$101,000, since then there has been interest accrued to that account of some \$23,000, making a grand total of \$124,000. Then the Bill would have it that only those who did not leave Canada could benefit from these funds; and that the method of distribution would be through the present existing Provincial Canteen Fund Board.

It so happens, sir, that I commanded one of the units in question for a while, during the time that the funds were made, which were later turned in, representing a total of 6-1/3 per cent of the total amount turned in. I say that, because I really did have some experience there, and I know who made these moneys, or some of these moneys, and I have an idea as to who should benefit. I take exception, first of all, to the proposal that those who proceeded overseas should not benefit.

By the Chairman:

Q. Under what is that?—A. No. 2.

By Mr. Thorson:

Q. Did you say those who did proceed overseas should not benefit? I thought you said those who did not?—A. It is limited now to those who did not leave Canada. I take exception to that for these reasons: the men who joined these units, particularly, let us say, the units organized to receive draftees; the men who reported there and completed training and went overseas stayed much longer with the unit and spent much more money with the canteen and got nothing at all out of it, with perhaps the exception of a few cents' worth of what were known as "comforts". Sometimes I think they got those comforts, and sometimes they did not. Nevertheless, the men who served in those units, and went overseas from them were responsible, in my opinion, for the greater amount of those profits.

By the Chairman:

Q. That is your first point. As drafts were sent overseas, did they not take with them a certain proportion of the canteen funds?—A. Not to my knowledge. Sometimes they were given comforts in kind; cigarettes, ice-cream cones, and things of that kind; and sometimes they did not get anything.

By Mr. Adshead:

Q. Was your first statement as modified, that some of these funds were contributed wholly by people who did not leave Canada?

MR. THORSON: No, the units did not leave Canada, but the men did.

WITNESS: Some of the men did, but others remained all the time in Canada, except the Instructional Cadre.

MR. MCPHERSON: The unit remained the same, but the personnel, the men, changed all the time.

By Mr. Adshead:

Q. The name of the unit stayed as it was, with its staff, but there were constantly streams of men taken out and sent overseas, and the unit left where it was?—A. Quite right, sir. Now, let us take a draftee battalion. It received draftees who were trained and went overseas, except some who did not leave Canada, because medically unfit, or for some reason or other. So on that point, my very firm suggestion is that you broaden the classes of people who might benefit from those funds.

[Lt.-Col. L. R. Laff'che.]

By the Chairman:

Q. Just another question on that point. Do you tell us, Colonel Lafèche, that the permanent battalion, or most of these draftee battalions, were composed of men who had already seen service at the front, and who were returned here for instructional purposes, that is employment as instructors?—A. Yes.

Q. So that these men who actually contributed to the profits of these canteens would, under the legislation brought down in the House, not profit at all?—A. Not under this Bill.

Q. Because they had been overseas?—A. Because they had been overseas.

Q. Although they might have returned in 1915 and remained with the battalion until 1918, and spent their good money all this time, they would not get a cent of it?—A. Not under the provisions of the Act as it now stands.

Q. And there were a number of these men?—A. A great many of them.

By Mr. Adshead:

Q. Did they not benefit from the other canteen funds?—A. They did.

Q. This must be borne in mind, and that may be the reason for this Act.

Mr. McPHERSON: This restricts it really to a class of soldiers who went through a draftee battalion, and perhaps were refused, from military unfitness.

The CHAIRMAN: Quite so.

Mr. THORSON: But that is the only class who can benefit from the canteen funds as the Bill now stands.

WITNESS: They would not have been there very long, and my experience with veterans, let us say, since the end of the war, permits me to say that very few out of this class ask or need relief because of any disabilities, or disturbances in their lives caused by their military service which nearly always was of a very short duration.

By Mr. McPherson:

Q. May I ask this? I am not well acquainted with the canteen legislation, the previous disposition of canteen funds. Did that exclude from participation in them any person who had never left Canada, or did it cover every soldier?—A. I think it included only the men from overseas.

Mr. SCAMMELL: Not those who did not leave Canada.

Mr. McPHERSON: That is the point. Did it exclude under the previous legislation, those who remained in Canada.

Sir EUGENE Fiset: It included them entirely, but it did not exclude the men mentioned by Colonel Lafèche.

The CHAIRMAN: No, we understand that.

WITNESS: Coming back to the point raised by Sir Eugene Fiset, if I may, the distribution of these moneys is supposed to be upon a basis of the persons who were responsible for making these profits. The money was supposed to go back to them, and if that theory is carried out, then you cannot include the men of these units who did go overseas.

Sir EUGENE Fiset: I do not think that is quite fair.

WITNESS: I do not want to be unfair.

Sir EUGENE Fiset: No, I do not say you are. But, in considering this Act, there were two points of view. I remember this matter because it came up in the Department in my time, over and over again. We were dealing with two classes of canteen funds. First, the canteen funds raised overseas, for men who served overseas. This was the bulk and the big amount of the canteen funds collected, and it was paid to the Receiver General at special interest. These funds were disposed of, and were distributed to men who served overseas only. There is a small balance left of \$130,000 which, when considered as a portion of the funds, is the very small end of the stick. These funds were accumulated here in Canada, there is no doubt about that. They were raised from regiments,

[Lt.-Col. L. R. Lafèche.]

the members of which went overseas and were put in units that were over there, and those who stayed in Canada did not benefit. Now, this small balance is left over, and it is proposed to have it administered by the same provincial Board that administers at the present time the other canteen funds I have mentioned. After tremendous discussion, and tremendous pressure brought to bear on the Department, after objections were submitted to the Minister, they have come to the conclusion that really the men that stayed here in this country, who did not have the chance to go overseas—some of them considered it was a chance to go overseas—did not benefit in any way by the other canteen funds. There is that small balance which represents, as you can see yourselves, an extremely small amount, and they want those men to benefit in some way because they have paid for it to a certain extent, and that is the reason for the Bill.

WITNESS: I may say, Mr. Chairman, that in so doing you would be excluding a number of men who were responsible for raising this amount of money, to a certain extent. I can quite understand what Sir Eugene says on behalf of the men who did not go overseas; but the men who did go overseas, as a rule, are in much greater need of benefits of this kind; and those who did not proceed overseas, are, perhaps not through canteen funds, but in other ways, looked after as a matter of fact, equally as well as the men who did go overseas. That is my experience of relief.

By Sir Eugent Fiset:

Q. I am sorry, but my experience is different from yours?—A. Possibly.

Q. Those Boards, while dealing with the distribution of the proceeds of those canteen funds always took into consideration, first, the overseas service of men over the men who did not serve overseas. That is in black and white; they did not receive any benefit?—A. Quite so.

Q. This is only a new scheme. Would it not be found that the proportion by provinces is so small that if you are going to confine it to men who served overseas it will be of but small benefit?—A. I will have to cover that argument later on.

By Mr. Thorson:

Q. What happened to the various battalion canteen funds where the battalion went overseas; do you mean that each battalion carried its canteen account with it when it went overseas?—A. Yes, it went into the big Canteen Fund.

Q. They did not turn over any of those proceeds when they left Canada?—A. Yes. Only those battalions which went over as a unit. These funds came from depot battalions in Canada.

Q. And these canteen funds came entirely from those battalions?—A. St. Lucien, for instance.

By Mr. McPherson:

Q. Do you know what came out of the other canteen funds?—A. Over \$2,000,000.

Q. Do you know the number of soldiers who were entitled to that money?—A. All that came back.

Q. Do you know the number?—A. Sir Eugene, would you say 400,000?

SIR EUGENE FISET: Four hundred and fifty thousand.

MR. MCPHERSON: Have you any idea how many would be entitled, from this fund?

SIR EUGENE FISET: One hundred thousand.

MR. THORSON: One hundred thousand or one hundred and fifty thousand?

THE CHAIRMAN: One hundred thousand were mobilized who did not proceed overseas?

[Lt.-Col. L. R. Lafl'che.]

WITNESS: Many of them were on a paper strength for a week or two weeks, and never went overseas at all.

By the Chairman:

Q. Would it include those who got harvest leave?—A. We would not exclude them.

By Sir Eugene Fiset:

Q. You know it is impossible to differentiate between services of that kind?—A. My first point is that those chaps who did go overseas should be equally eligible with those who did not.

Q. How will you establish the identity of the individuals who would be entitled to this money?—A. By their regimental numbers.

The CHAIRMAN: Not by the regimental numbers but by their discharge certificates. When they appeal for assistance, they go to the canteen fund boards and show by their discharge certificates whether they had been overseas.

Mr. MCPHERSON: What is the use of arguing about whether we shall divide \$100,000 or \$125,000 by four hundred thousand; it would only amount to 20 cents apiece in one case, or \$1 apiece in the other.

WITNESS: I am going on with a more practical suggestion, if I may. I will try to give you my point about broadening the effect of it here.

Mr. THORSON: Your main argument is that the money was earned largely by men who went overseas?

Sir EUGENE Fiset: Partially.

WITNESS: I say broadly. The next step is, what will be done with these funds, by the provisions of this bill? The bill says that they will be distributed to the existing Provincial Boards of Canteen Funds. Contrary to that, this is what I consider to be a much more practical suggestion, and it is based on eight or nine years of pretty close experience with these things. I would ask the honourable gentlemen of this committee to recommend that a sum of let us say \$100,000—make it all, if you like, it does not make any difference to me—be set aside under properly constituted auditors or trustees, going into partnership in fact with the Legion Adjustment Service Bureau in the city of Ottawa, on a fifty-fifty basis; in other words, to set aside a given sum of which not more than let us say \$20,000 of capital, and interest, could be spent in any one year, and to augment, not to relieve the Legion but to augment the resources of the Legion in carrying on this Adjustment Service Bureau at Ottawa, this national if not international adjustment work; to put up a dollar for every dollar the Legion would put up, to enable this work to be carried on. To make that clear, I do not ask, and I would not want it to be accepted if it were offered even, that the Legion's responsibilities be lessened, but I do say that the actual state of affairs warrants, and has warranted for several years, greater facilities to do this work. This is soldiers' money, and it would be spent in the very best possible interest of the soldier, in looking after his claims, let us say.

By Sir Eugene Fiset:

Q. Was not a similar proposal made with regard to the general canteen funds?—A. It was, but that clause was deleted before it went through.

Mr. MCPHERSON: The minute we recommend such a thing there will be seven or eight organizations of a military nature, who are doing certain work, who would say, "Why should we not share in that?"

WITNESS: I am glad you have raised that point. I say this without malice. This is one reason why I asked your committee to visit the Service Bureau in Ottawa some weeks ago. There is one other organization in Ottawa, in which there is but one man, who composes the entire staff. The Legion Service Bureau has twelve employees. Also the Legion Service Bureau is much older; its ramifications extend much farther than any other. As far as we are concerned, there is only one other office existing.

[Lt.-Col. L. R. Lafêche.]

By Mr. Thorson:

Q. That is the Army and Navy?—A. The Army and Navy have Dominion Headquarters in Ottawa, of which a gentleman now present is Secretary-Treasurer. He is alone there and I submit that no one but the Legion can carry out this work. I submit further that it is necessary that this Legion carry out this work.

Q. Suppose the Army and Navy wanted to have a similar arrangement with the Ottawa office, it could be easily worked out?—A. I may be too optimistic, but I do hope and I have reason to believe that there would not necessarily be any objection to this on the part of the Army and Navy. Time would tell as to that. If there were objections, I would say, "Gentlemen, survey the situation, go into it, and pick out the office that is most suitably situated."

Q. It would require legislation to dispose of these funds, I imagine?—A. It would require a change in the bill here.

Q. Could the funds be disposed of by the department, without specific legislation?—A. I do not think so.

The CHAIRMAN: This money belongs to the soldiers personally, not to the government.

WITNESS: The total Legion membership has passed 45,000; that is a lot of men organized into one organization since July, 1926, that is less than two years ago. I think I was reported previously here by Major Melville, when he read a memorandum, as saying that we had 650 branches. It is 673, very nearly 700 branches. We are organizing branches all the time. Every branch sends us cases to look after. In addition, I wish to make this point very clearly, that it is certainly not necessary for any person to be a member of the Legion in order to have his case dealt with by the Service Bureau of the Legion in Ottawa. I make bold to say that the majority of cases the Legion looks after in Ottawa are not members of the Canadian Legion. That is a bit of comradely action the Legion has always been proud of, and it will always continue to do so. There is no reason why it should not.

By Mr. Adshead:

Q. They keep in close touch with these things?—A. Yes.

By Sir Eugene Fiset:

Q. Is it not a fact that there were three main proposals submitted by your Legion?—A. There was no Legion at that time.

Q. But by such organization as did exist in Canada?—A. Yes.

Q. That the total amount be deposited in a special account to the credit of the Receiver General, and that interest at 5 per cent on those moneys be handed over to your organization for the purpose of helping the men leaving the army out of funds, for all time to come?—A. I would say that that is not business.

Q. Let me go on, please.—A. I beg your pardon.

Q. This was not accepted by the leaders of the soldiers' organizations, and it was decided that in view of the fact that these regiments had been organized by provinces, a special board should be appointed to handle the funds, and the funds were to be deposited to the credit of the Receiver General. The same thing has happened with this question. It was decided that a provincial board should administer it, with this procedure. The system adopted first was adopted after very careful consideration. Now they want to adopt the same principle as far as this small amount is concerned, distributed by provinces; they have a provincial board who will look after the men, and they are in better shape to do it than a central organization. It would be more satisfactory, I think, to the

soldiers at large. There is always an onus placed upon a central organization such as yours, to handle funds that really do not belong to them.

WITNESS: May I answer Sir Eugene? There are two points here. I will cover the first one.

Sir EUGENE Fiset: Mine is not an argument, I am simply stating the facts.

WITNESS: The situation has greatly changed since the distribution of the big canteen funds was made. The situation has very greatly changed. There is not complete, but very, very substantial unanimity amongst the returned soldiers in Canada now. That situation did not obtain in the days that the discussion of the distribution of the \$2,000,000 of canteen funds was made.

By Mr. Thorson:

Q. How many different returned soldiers' organizations were there then and are now?—A. Well, the Legion has taken in over sixty different organizations.

By Mr. Adshead:

Q. Is there any likelihood of the others amalgamating with you?—A. I can only express a hope.

By Sir Eugene Fiset:

Q. A pious hope?—A. Not pious, but necessary. Sir Eugene (Fiset) said that it had been thought that the situation would best be met by having this fund looked after by provincial boards. Yes, but I will charge him with forgetting his strategy and perhaps his tactics as a military officer. By so doing they left absolutely undefended the most important point of all, Ottawa, where all legislation is arrived at, and regulations are made and carried out. Every case, if it is difficult, must come to Ottawa, and the case must be looked after here. Compare it with a barrister living, let us say, in Winnipeg. If he does business nationally he must have a correspondent in Ottawa, and he does. In soldier matters it is even more essential. They must come here. If the cases do not come here, the men come here and the Legion has to look after them, and we are doing that every day, to-day, yesterday and the day before.

Q. Has the case as you put it been submitted to the Department of National Defence?—A. Not to the Department, no sir.

Q. Were you not aware that this Bill was coming to the fore?—A. Not until the night of the day it was brought down.

By Mr. McPherson:

Q. The suggestion in this Bill is the direct reverse of your last suggestion, that it is for the purpose of giving assistance to those in various parts of Canada who have no legal right under existing legislation to assistance from the government.—A. Let us make this question of relief clear. I, and many others, have found that relief in money is absolutely necessary, in order to at times save people from starvation. Ordinarily funds for that purpose are raised through poppy days and other ways of that kind; they are raised and spent locally, and that is where the groceries and bedding and rent and cash amounting to \$3 or \$4 comes from. But a man gets much better value if a given sum of money is spent to look after his claim.

Q. But this would give in each province a certain amount of money for those cases which would never be looked after at Ottawa for the simple reason that they are legally not entitled to any consideration at all.—A. There are many such cases coming to us, and that is why we are fighting for the meritorious clause. It is looked after locally; even the \$124,000 would not be enough for the city of Toronto. I again raise this point that when they dis-

[Lt.-Col. L. R. Laflèche.]

tributed those funds they left Ottawa absolutely without resources, and that certainly is not fair. Look about you, gentlemen, while you are in the city, and you will see that the situation requires funds. I ask for more funds, not to relieve the Legion from anything.

Witness retired.

The CHAIRMAN: I will ask Mr. Scammell to tell us about the canteen funds.

Mr. SCAMMELL: There is not very much for me to say beyond what has come out in the discussion. The Canteen Fund Act was duly passed on the recommendation contained in the Ralston Commission's report. There was one change made in it. The proposal that \$100,000 of the main canteen fund should be allocated for the maintenance of a service bureau in Ottawa was deleted, and the canteen fund was entirely divided, with a very small amount held back, between boards of trustees appointed by the provincial governments in each of the provinces and a board of trustees appointed by the Federal government in the Yukon territory. Those boards have unlimited power as to the methods of disposal of the fund and to make their own recommendations. In certain cases they are being used for relief purposes. For instance, in the province of Nova Scotia the fund—not only the interest but part of the principal—is being used for the payment of hospital charges for men who are not eligible for treatment under the regulations of the Department, as they are suffering from non-service disabilities. To a certain extent that is being done in New Brunswick. In British Columbia a portion of the fund is being ear-marked for cases of distress and money is being used in that way. That is from the interest only. In the other provinces there is a larger outlook, and the fund is being conserved and very little drawn from it. In the province of Quebec no action has yet been taken. In the province of Ontario there is a board of trustees, but they have not come to any definite decision as to what they should do with the fund, except that they feel that the main portion of it should be held for a number of years as the greatest demand is likely to be made later on. In Manitoba not much is being done. In Saskatchewan a certain portion of the fund is being used for relief purposes, and I think a small portion for loan purposes. In Alberta the trustees are sitting fairly tight. There is a provision in the Act that each board of trustees shall make a report to the Minister of Soldiers' Civil Re-Establishment at the end of the Dominion's fiscal year, the 31st March, and I have only this week requested the trustees to furnish the reports for the year which has just ended.

Mr. McPHERSON: You say a report is made to the Minister of Soldiers' Civil Re-Establishment?

Mr. SCAMMELL: That is under the Canteen Fund Act.

Mr. McPHERSON: This amendment brings the report to the Department of National Defence.

Mr. SCAMMELL: Yes, as far as that is concerned.

Mr. McPHERSON: Can you suggest why it is not made to the same Minister, under this Act, as under the other?

Mr. SCAMMELL: That is a matter of which I do not know anything.

Sir EUGENE Fiset: Those provinces that have used their allotment of the war funds, are such funds, at the present time, in the hands of the Receiver General?

Mr. SCAMMELL: The trustees are holding the funds. They have the funds and they have them invested.

Mr. ADSHEAD: In the different provinces?

Mr. SCAMMELL: In the different provinces. The Receiver General has only the small portion that was to be held back against any claims that might be made until, I think some date this year. After that they will be available for distribution under the method of distribution in the Canteen Funds Act,

which differs materially from this method. The basis of distribution under the Canteen Funds Act was rather a peculiar one, but I think it was a very fair one. The number of enlistments was taken, and the proportion for each province over the whole of Canada ascertained; the number of discharges of overseas men was taken, and similarly divided on a percentage basis; the number of disability pensioners was taken, and divided on a percentage basis. These percentages were then divided by three, so that the provincial allotment was based upon these three considerations; the number of men enlisted, the number of overseas men that returned, and the number of actual pensioners. As a result, a province like British Columbia, which got more pensioners through the migration of men to that province, on account of its climate, received a larger sum than they would have otherwise received. This is a different method entirely, based upon the number of units in the various provinces.

Sir EUGENE Fiset: Would it not simplify the whole thing if this Committee simply recommended that the funds, at present at the disposal of the Department of National Defence, be transferred to the D.S.C.R., and come under the purview of the Canteen Fund Act, as it stands at the present time?

Mr. R. L. CALDER: Will you allow me to present the view which arises out of my own experience in Montreal? I submit, that the relief which the returned soldier receives, arises either out of his pension, or the Soldiers' Settlement Board, or out of the various statutes which are created for his relief. Outside of that, there is a certain number of relief cases which arise out of conditions created by the man himself, and which would be created by him even if he had never been a soldier. These come properly under the heading of charity. In the province of Quebec, we have been told that the Fund has been handed over to trustees, and that they have thought fit to conserve it. May I point out that in England to-day there is a board administering the Peninsular Pensioners' Funds, 113 years after the event. My own experience is that I have to put my hand in my pocket to advance transportation for men going to jobs. I have had to hand out money to them to pay necessary rental or food expenses. But I find that whenever I am assisting a soldier, in respect of his proper relief claim, I invariably have to deal with the British Legion Adjustment Committee here. I think I can give the opinion, as a man who has contributed largely to the relief of soldiers, that if you want to give relief that will be useful, I think you should put it in the hands of some person who is administering and helping the soldier towards his proper and statutory relief.

Sir EUGENE Fiset: Is it not a fact that in the province of Quebec the Board has not taken any action with regard to the funds placed at their disposal?

Mr. CALDER: I do not know what the reason is, but I know that when a man wants transportation expenses, or any other relief, he has no place to go to.

Mr. THORSON: There are some other recommendations, dealing with service pensions, that I think should be read into the record.

The CHAIRMAN: At Mr. Thorson's suggestion, we will incorporate in the addenda these suggestions, and also any additional ones which Mr. Barrow may wish to make.

Mr. BARROW: I have only two points to bring before the Committee, relating to pensions, and I have embodied these in written documents.

The CHAIRMAN: These may be received and taken as read, and the Secretary will place them in the record as part of the addenda. You may present them now, and they will be printed in the record.

The Committee adjourned until 5 o'clock p.m., for discussion.

ADDENDA

1. Service Pensions, and Civil Service Preference, Canadian Legion.
2. Revaluation Statistical Summary, April 12, 1928. Soldier Settlement Board.
3. Collections to March 31, 1928. Soldier Settlement Board.
4. Further Proposals *re* Pensions, Canadian Legion.
5. Army and Navy Veterans in Canada—Letter *re* Pensions.

1.—SUBMITTED BY J. C. G. HERWIG FOR THE CANADIAN LEGION

SERVICE PENSIONS

1. That in the case of an officer or man who served in the C.E.F. pension be awarded or adjusted on a basis of combined service in the Permanent Force and C.E.F. (Permanent Force service to include either pre-war service, post-war service, or both).

Explanation

This recommendation is intended to cover the following types of cases:—

- (1) Those now in the Permanent Force who in order to continue serving were required to sign a waiver which prevents them from counting prior service towards pension.
- (2) Those with previous service in the Permanent Force who were discharged from the C.E.F. with pension or gratuity and subsequently re-enlisted in the Permanent Force.

(3) Those who were in receipt of pension before the war and re-enlisted in the C.E.F.

2. That the Militia Pension Act be amended by providing that pension to officers and men granted prior to the 1919 amendments to said Act may be readjusted in accordance with rates of pay for officers and men provided by said Act as amended in 1919.

Explanation

This recommendation is intended to provide re-adjustment of pension for (1) those whose pensions are based on rates of pay which bear no relationship to present cost of living; (2) those whose period of service both with the Permanent Force and C.E.F. closed immediately prior to the amendments of 1919.

3. That British Reservists who were serving in the Permanent Force of Canada before the war under arrangement between the Imperial and the Canadian Governments be allowed to count a portion of time served in Imperial Army towards service pension.

Explanation

Certain Imperial Reservists were serving in the Permanent Force at the outbreak of the late war. Their enlistment in the Canadian Permanent Force did not involve discharge from the Imperial Army Reserve. On the outbreak of war, however, the British Government agreed to release these men at the request of the Canadian Government on the understanding that any claim for pension should fall upon Canadian Funds.

In assessing pension to these men, the Canadian Government have given no credit for pre-war Imperial service—pension being based upon Canadian service only. Many of these men now serving in the Permanent Force would have pensionable service in the Imperial Army had they been returned but will not be entitled to pension for several years to come unless their Imperial service is credited.

CIVIL SERVICE PREFERENCE

Disabilities

1. That where it appears probable that a vacant position can be filled suitably by a disabled ex-service man the Civil Service Commission be requested to restrict the competition for such positions to disabled ex-service men who are entitled to the Special Preference provided under section 39 (2) of the Civil Service Act.

2. That this procedure be authorized by order in council.

Explanation

Under the present system handicapped men are brought into unfair competition with fit ex-service men and others. The tendency is to pass over even a qualified disabled applicant when physically fit applicants are also being considered and known to be available. Under the suggested method when a vacancy which could be suitably filled by a disabled ex-service man is reported, the Commission would examine the persons whose names appear on the above list and would appoint the most suitably qualified.

Lay-offs

1. That whenever reductions are necessary in a staff composed of both ex-service men and others, preference in retention should be given the former.

2. That where a disabled ex-service man is affected his services should not be dispensed with but should, if at all possible, be utilized elsewhere in the department, if necessary in a position occupied by an employee not in this category.

3. That this principle be implemented by Order in Council.

Explanation

It is submitted that the right of ex-service men to preference in retention is implied in the statutory preference relating to their appointment.

Rejections

1. That no person appointed under the Civil Service Act shall be rejected under the provisions of Section 24 of the said Act unless his incapacity or unfitness to perform the duties of the position in a satisfactory manner has been amply demonstrated and the cause of the rejection reported in detail to the Civil Service Commission.

2. That this procedure be implemented by Order in Council.

Explanation

Rejections of ex-service men have been made by departments without giving the appointees reasonable opportunity to demonstrate their ability to perform the duties and without any adequate reason for the rejection being stated.

Dismissals

1. That persons charged with violation of the provisions of section 55 of the Civil Service Act (political partisanship), and consequently subject to dismissal, shall be entitled to a hearing before an impartial referee before any punitive action is taken.

2. That this principle be implemented by Order in Council.

Explanation

There have been several cases of dismissals of ex-service men for political partisanship without hearing, wherein evidence exists casting grave doubt as to the correctness of the charges made. With so much at stake an employee is entitled to a fair hearing.

Delays

1. That when the services of departmental officers as examiners are utilized by the Civil Service Commission under the provisions of Section 4 (2) of the Civil Service Act, their reports shall be submitted direct to the Civil Service Commission.

Explanation

In dealing with the applications of ex-service men for certain local positions such as caretakers, rural postmasters, etc., serious delay with sometimes unfortunate results, is often caused by the practice followed by some officials of sending their examination reports through their department instead of direct to the Civil Service Commission.

Exempted Positions

1. That the general classes of positions that have been exempted from the operation of the Civil Service Act be returned thereto, as it has been found that otherwise the statutory preference extended to ex-service men is not being satisfactorily exercised.

Explanation

In positions now exempted from the Civil Service Act, it has been found that ex-service men are rarely given preference in appointment, while in positions filled under the jurisdiction of the Civil Service Commission, the statutory preference in favour of ex-service men is being satisfactorily administered.

Superannuation

1. That, in the case of those having pre-war domicile in Canada, periods of service overseas with the Canadian Forces, the Imperial forces or active service with any of His Majesty's Allies during the Great War to date of demobilization, shall be deemed service within the meaning of the Superannuation Act.

Explanation

Rulings affecting the admission of war service limit the application of the Superannuation Act in this respect only to those who were granted leave of absence in order to enlist in the C.E.F. It is urged that periods of war service should be allowed to count in the case of all Civil Servants who served overseas.

EXCHANGE

The Parliamentary Committee on Pensions and Re-Establishment of 1922 recommended that the Department of Militia and Defence investigate the matter of discrepancies in pay and allowance resulting from payments made in depreciated currencies to members of the O.M.F.C. The Legion recommends individual adjustment of accounts.

If this may not obtain then that the debt be recognized and a total estimated amount be arrived at so that suggestions for the disposal of same may later be made to the government on behalf of those entitled to benefit therefrom.

2.—SUBMITTED BY MAJOR E. J. ASHTON FOR THE SOLDIER SETTLEMENT BOARD
REVALUATION STATISTICAL SUMMARY APRIL 12, 1928

District	Number settlers eligible to apply	Number applications received	Number appraisals made	Number completed cases received at head office	Number final awards approved	Sale price to settler \$	Amount reduction applied for \$	Amount reduction granted \$	Percentage sale price reduced %
Vancouver.....	995	621	247	109	98	352,476	150,420	59,160	17
Vernon.....	616	465	37	29	4	16,761	6,400	4,228	25
Calgary.....	1,545	1,191	112	88	63	269,313	82,997	49,325	19
Edmonton.....	1,427	961	14						
Prince Albert.....	580	374	98	81	57	167,814	60,476	32,258	19
Saskatoon.....	1,240	853	180	161	130	415,252	161,584	103,595	24
Regina.....	982	786	146	145	100	422,632	129,265	58,807	13
Winnipeg.....	1,240	1,074	334	148	16	74,680	31,377	22,720	30
Toronto.....	1,179	884	109	107	64	241,700	67,625	40,770	17
Sherbrooke.....	186	116	110	62	4	13,900	3,500	3,500	25
Saint John.....	692	561	128	73	46	132,750	63,016	31,375	23
	10,682	7,886	1,515	1,008	582	2,107,278	756,660	405,738	19

80 Nil Awards.

3.—SUBMITTED BY MAJOR E. J. ASHTON

THE SOLDIER SETTLEMENT BOARD OF CANADA COLLECTIONS TO MARCH 31, 1928

District	Total amount due		Total Amount Received As:—										Number of settlers with pay's due	Settlers Making Payments:—						
	\$	cts.	Due payments	Leases, etc.	Total due payments	Per-cent	Pre-payments	Total received	Per-cent	In full				Total	Per-cent	Pre-pay's				
										\$	cts.	\$					cts.	\$	cts.	
Ottawa.....	12,947	14	7,613	26	253	74	7,867	00	60.8	5,251	69	13,118	69	101.3	61	28	31	59	96.7	14
Regina.....	526,285	19	359,623	75	36,019	70	395,643	45	75.2	69,716	98	465,360	43	88.4	1,497	731	618	1,349	90.1	189
Edmonton.....	836,967	82	545,048	91	21,100	68	566,149	59	67.6	114,737	55	680,887	14	81.4	2,830	1,343	1,111	2,454	86.7	816
Quebec.....	65,427	27	38,842	26	3,317	52	42,159	78	64.4	11,035	75	53,195	53	81.3	227	96	120	216	95.2	32
Saskatoon.....	583,308	40	362,563	95	28,423	63	390,987	58	67.0	70,913	74	461,901	32	79.2	1,637	559	962	1,521	92.9	300
Prince Albert.....	339,373	95	218,297	00	8,653	74	226,950	74	66.9	33,398	57	260,349	31	76.7	1,388	595	571	1,166	84.0	297
Calgary.....	806,737	65	470,736	98	27,630	04	498,367	02	61.6	91,368	14	589,735	16	73.1	2,042	769	900	1,669	81.7	507
Toronto.....	375,570	09	210,932	27	4,957	64	215,889	91	57.5	57,517	77	273,407	68	72.8	1,322	537	566	1,103	83.4	163
Vancouver.....	379,949	14	180,062	43	4,833	48	184,895	91	48.7	55,973	17	240,869	08	63.4	1,418	471	720	1,191	84.6	230
Maritime Provinces	203,360	65	87,072	79	2,557	40	89,630	25	44.1	34,809	77	124,440	02	61.2	985	337	455	790	80.2	133
Vernon.....	281,299	35	108,020	60	10,329	51	118,350	11	42.1	19,217	22	137,567	33	48.9	840	246	392	632	75.2	91
Manitoba.....	581,283	48	225,352	04	25,159	24	250,511	33	43.1	26,080	30	276,591	63	47.6	1,811	353	736	1,089	60.1	61
Dominion Total.....	4,992,510	13	2,814,166	24	173,236	41	2,987,402	67	59.8	590,020	67	3,577,423	32	71.7	16,058	6,057	7,182	13,239	82.4	2,833

Of the 13,239 settlers who have made payments
6,057 or 45.8% paid in full,
7,182 or 54.2% paid in part.

C. W. CAVEFS,
Director of Information and Statistics.
Per. J. S.

4.—SUBMITTED BY F. L. BARROW FOR THE CANADIAN LEGION

Proposal No. 29x—That Section 14 of the Pension Act be amended to provide that a pension shall be awarded to or in respect of a member of the forces in accordance with the rank or acting rank for which he was being paid pay and allowances at the time of his discharge, or at the time of the appearance of the injury or disease for which he is pensioned or the appearance of the injury or disease which resulted in his death, or, when a member of the forces has voluntarily reverted from a rank which he held in the Canadian Expeditionary Force to a lower rank in order to proceed to a scene of hostilities, in accordance with the rank from which he reverted, whichever is the higher.

Proposal No. 35x—That Clause 13 of Order-in-Council P.C. 129 dated June 25th, 1927 be amended to provide that treatment for a sequelae of venereal disease, contracted prior to enlistment and aggravated during service, shall be given by the Department under the same conditions which govern provision of treatment of any other injury or disease which was aggravated during service.

Proposal No. 38—That members of the forces, undergoing treatment for a mental condition related to service, and their dependents, be compensated at the same rates as apply when the condition for which treatment is given is other than mental.

Proposal No. 39—That the provisions of Orders-in-Council P.C. 1653 and P.C. 1315, as amended to date, be extended to include any former member of the Imperial Forces who is, or has been, a pensioner; and that further beneficial legislation in that regard be so extended.

5.—SUBMITTED BY ARMY AND NAVY VETERANS IN CANADA

OTTAWA, ONT., April 12th 1928.

Major C. J. POWER, M.C.

Chairman,

Special Committee on Pensions, etc.,
House of Commons,

DEAR MAJOR POWER,—I beg to call your attention, and that of the members of your Committee, to the proceedings of the Special Committee on Pensions and Returned Soldiers' Problems page 581, respecting a suggestion made by the Minister of the D.S.C.R. as follows:—

29 a (1) If any pension is retroactively awarded, the amount thereof which becomes retrospectively payable shall be paid or applied by the Department in the same way as it would have been paid or applied if the award had been made on the date upon which it retrospectively takes effect.

You will recollect that there was considerable discussion upon this suggestion in Committee.

I am now requested to inform you, on behalf of the Army and Navy Veterans in Canada, that the suggestion does not meet with the approval of my Association and to state that as a pensioner receives pension as a right there should be no deduction made from such pension either by the D.S.C.R. or any other Department of the Government.

Parliament has already decreed that a pension is not attachable, and the proposed suggestion would appear to seek by legislation interference with payments due a pensioner, either by deduction or otherwise.

I shall be glad if you will kindly have this letter incorporated in the proceedings of your Committee and much oblige.

Yours sincerely,

H. COLEBOURNE,
Dominion Secretary-Treasurer.

FRIDAY, April 13, 1928.

The Special Committee on Pensions and Returned Soldiers' Problems met at 11 o'clock a.m., the Chairman, Mr. C. G. Power, presiding.

The CHAIRMAN: I have a communication from the Canadian Legion of the British Empire Service League. It refers to some evidence given here by Mr. S. W. Norman Saunders, of Victoria, B.C. Certain facts are stated, and I am asked to have this communication printed in the proceedings. With the consent of the Committee, I will have that done.

OTTAWA, April 12th, 1928.

Major C. G. POWER, M.C.,
Chairman, Special Committee on
Pensions and Returned Soldiers' Problems,
House of Commons,
Ottawa, Ont.

SIR: A communication has been received from Mr. S. W. Norman Saunders, Secretary, Britannia Branch of the Canadian Legion at Victoria, B.C., who gave evidence before your Committee as shown on Pages 25-6-7 of Proceedings No. 2.

Mr. Saunders states, in part:—

Adverting to the enquiry made by certain members of the Parliamentary Committee on Pensions, relative to the number of ex-service men who were resident on the Coast, I shall be glad if you will place the following figures before the Chairman when you next appear before the said Committee:

Records on the 31st December, 1927, indicate that British Columbia had 6,189 pensioners and ex-members of the C.E.F. in Vancouver and Victoria; further, there are some two thousand Imperial pensioners also resident in the same vicinity.

Mr. Saunders wishes the Committee to observe, therefore, that a considerable percentage of the handicapped ex-service men domiciled in Canada are now resident on the southern portion of Vancouver Island and the lower mainland.

Yours faithfully,

(Signed) F. L. BARROW,
*Dominion Headquarters,
Canadian Legion of the B. E. S. L.*

The CHAIRMAN: I have also a communication from Mr. J. Clyma, Secretary of Branch No. 26, Canadian Legion of the British Empire Service League, which reads as follows:

TORONTO, April 11th, 1928.

Major POWER.

DEAR SIR and COMRADE.—I have been requested by Branch 26 C.L. to see if you would table in the House of Commons, Ottawa, the following resolution:

We, the Vetcraft Workers, Toronto, are working under the Department of Health and Labour. We are stopped pay for all public holidays. The Limb factory and D.S.C.R. staff and employees working under the same roof as us are paid for all public holidays and they also get from one to three weeks' holidays during the summer. We are stopped pay for every hour off.

Yours fraternally,

(Signed) J. CLYMA,
Secy. Branch 26.

JAMES L. MELVILLE called and sworn.

The CHAIRMAN: Mr. Melville has a statement to read into the record, which perhaps will expedite matters. Sit down, Mr. Melville, and read it to us, please.

WITNESS: Mr. Chairman, I have prepared a statement for the information of your Committee, which deals with the question of Problem Cases and Vetcraft Workshops. (Reads):

Sheltered Employment

Possibly the most difficult and complex post-war problem which has been encountered by all Governments is that of the soldier who has suffered some severe physical or mental incapacity which prevents or severely handicaps him from following a skilled occupation or ordinary labouring. Such men have become generally classified as "Problem Cases." In very rare instances has this type of case been an educated man—that individual, apparently, being able to adjust himself to changed circumstances.

The Parliamentary Committee of the Second Session of 1919 reported (Page 49):

During the course of the investigation by your Committee into matters relating to Re-establishment, it was repeatedly brought out that special provision should be made for those functionally, neurologically, and mentally subnormal men who cannot be completely taken care of under existing regulations.

Your Committee recognize that there is an urgent necessity for the establishing of a means to take care of these problem cases. In view of the highly technical and difficult nature of the question, they recommend that the Department of Soldiers' Civil Re-establishment should take immediate steps to institute a thorough enquiry to determine the need and to recommend the means of best dealing with this difficult problem.

They further recommend that in the interim, or until such time as proper provision is made for the care of such cases, the Department be authorized to spend the money necessary to make provision for these cases.

[Mr. J. L. Melville.]

This recommendation was embodied in P.C. 2328, of the 21st November, 1919, which is the main authority for the expenditure of:

such money as, in the discretion of the Minister, may be deemed necessary to make provision for the cases referred to.

This phase of the Department's activities was dealt with by subsequent Committees, and the Final Report on Second Part of Investigation by the Royal Commission, dated July, 1924, bears the following recommendations (Page 18):

1. (a) That the Department of Soldiers' Civil Re-establishment continue negotiations with the Red Cross, or other organizations, to provide for the establishment under the administrative control of the Association or Organization, such undertaking as may, in the opinion of the Department, be considered to be advisable.

(b) That until an organization of a definite nature is established, the Department shall continue to care for these cases as at present.

2. As respects financial assistance by the Government additional to pension payments to individuals, it is felt that any decision can only be made after further negotiations with the Red Cross or other organizations undertaking the work. It is, therefore, recommended that such negotiations continue, and as soon as a definite basis of assistance is reached the proposal be placed before the Government for final approval.

Action Taken by Department

After careful consideration, the Department decided to open Vetract Shops wherein these problem cases would be offered employment under sheltered conditions, i.e., the provision of work suitable to their disabilities. A very strong effort was made to have the Shops run under a non-governmental agency, and to this end very valuable assistance and co-operation have been rendered by the Canadian Red Cross Society.

The Workshops, which are in operation to-day, are located as follows:

Montreal	}	Operated by the Provincial Divisions of the Red Cross Society.
Vancouver		
Victoria		
Toronto	}	Operated by the Department.
Hamilton		
Halifax		
Winnipeg		
Saint John		

The Saint John Workshop laboured under many difficulties and with indifferent success; employment has been found for practically all of the men, and the Shop was closed down on the 31st March, 1928.

There was formerly a Workshop at Kingston, Ontario, which was destroyed by fire in January, 1923, since which date the eligible cases have been cared for by casual employment and a supplementation of pension to relief rates, when pension and earnings come below that amount.

The agreement with the Red Cross Society is the same for each Provincial Division, viz:—

- (a) That the Department will pay 85 per cent of all approved capital expenditures, and the balance of 15 per cent will be paid by the Red Cross.
- (b) That the Department will pay 75 per cent of the operating loss per month up to a maximum of \$30 per man per month.
- (c) Authority for admission is granted through an Eligibility Board of three members, of whom two are appointed by the Department.

[Mr. J. L. Melville.]

The Red Cross have discontinued the operations of the Workshops at Saint John, N.B., Halifax and Winnipeg, and they have been taken over and operated by the Department. The operations of the Montreal Workshop are being taken over by the Department on the 1st May, 1928.

Object of the Workshops

To provide employment under conditions where hours of work are more or less determined by the physical condition of the worker, and where the opportunity and environment are of such a character as to fit in with a man's disability and mentality.

To assist in restoring his self-confidence and work ability to the extent that he may graduate into employment in the regular labour market.

Entitlement to Admission

Any pensioner whose total disability is not less than 20 per cent, and whose pensionable disability is not greater than 80 per cent, is entitled to consideration regarding admission to the Workshops.

Rate of Pay

The standard working day in the Shops is eight hours, and each man is paid by the hour for actual time worked. In the Shops operated by the Department, the rate is 33 cents per hour (Halifax, 30 cents).

No consideration in wages is paid to pension, which goes direct to the pensioner as under normal working conditions.

Number of Men Employed at Present

Montreal.. . . .	17
Vancouver.. . . .	33
Victoria.. . . .	31
<hr/>	
Total in Red Cross Workshops.. . . .	81
Halifax.. . . .	19
Toronto.. . . .	81
Hamilton.. . . .	26
Winnipeg.. . . .	34
Saint John.. . . .	2
Kingston.. . . .	7
<hr/>	
Total under D.S.C.R.	169
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Grand Total.. . . .	250
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Number of Men who have Graduated or Left the Workshop

Employed and Pensioners.. . . .	477
Presumed Employed.. . . .	239
Unemployed.. . . .	260
Transferred to Treatment.. . . .	250
Transferred to Training.. . . .	5
Left on account of Sickness.. . . .	58
S.O.S. on account of Death.. . . .	28
<hr/>	
Grand Total.. . . .	1,317
<hr/>	

Results of Operations

There has been a very marked improvement in the operations of the Workshops, and the results for the calendar year 1927 follow. These give the average loss per man per month, based on the actual results of operating, i.e., labour, material, supervision, administration and selling expenses, heat, light and power, etc. The expenditures, on account of rent and machinery, are not included in these figures.

Average Loss per Man per Month for 1927

Montreal..	\$36.89	} Red Cross Workshops.
Vancouver..	30.74	
Victoria..	33.57	
Halifax..	30.67	
Toronto..	16.06	} D.S.C.R., Vetract Shops.
Hamilton..	15.63	
Winnipeg..	21.26	

Saint John—Results not indicative.

In other words, for the average monthly loss indicated above the Department was enabled to pay wages of approximately \$60 per month.

By employing the men, they retained their self-respect as citizens and did not become dependent on relief or some other form of assistance to supplement their pensions.

Recommendations by the Department

The Vetract Shops provide for those pensioners whose total disability is not less than 20 per cent and those whose pensionable disability is not greater than 80 per cent. In other words, a man in receipt of a pension of 5 per cent, whose total disability is rated at 20 per cent, may be admitted to the Workshops—provided the Eligibility Board consider that he is within the class known as "Problem Cases."

There are men, however, within this classification (E.G. 100 per cent disabled, 20 per cent pensionable) who have no working ability whatever, due to their mental or physical incapacity, and such men would not only be useless in the Workshops, but their presence would be a deterrent to the progress of the Shop.

It is considered, therefore, that the following action should be taken to deal with problem cases:—

1. That the present classification for admission should be maintained.
2. That where a pensioner has no work capacity, then his case should be considered and disposed of under:—
 - (a) The provision for indigent pensioners, as provided for in P.C. 1653, as amended by P.C. 1315.
 - (b) The supplementation of his pension to relief rates in extreme cases, such assistance to be granted throughout the year, if necessary, and not only during the winter months, when the general issuance of relief to pensioners has been granted in necessitous cases.
3. That immediate action should be taken to gradually absorb more eligible cases into the Shops.

[Mr. J. L. Melville.]

More men means more production, and such involves greater sales to dispose of the manufactured product. The Vetcraft line consists to a very great extent of woodenware, such as porcelain and basswood top kitchen tables, washboards, ironing boards, bake boards, clothes driers, juvenile furniture and desks, wooden toys, etc. Increased sales of these products can only be accomplished by creating the demand, on the part of the public, for Vetcraft goods, and such involves national advertising.

It may be argued that the Shops, as an agency of the Government, interfere with private industry, but our relation with the manufacturers has been a happy one on the whole. We do not cut prices, but obtain our business on straight competition. If industry cannot absorb the men, then surely no objection can be taken to the Government doing so.

4. A number of men might be graduated from the Shops to positions on the labour market, provided some form of assistance was rendered for a month, or two. This would enable the men to hold the position and be an incentive to the employer to give him a trial.

To assist in the movement and thus make way for the admission of new men to the Shops, the Department has arranged that such men be paid allowances under P.C. 2328 for a limited period.

5. To develop new lines of manufacture which, so far as possible, shall not compete with Canadian industry.

6. It is not considered that the Shops should be used as a means to relieve unemployment among ex-service men, unless such come within the category already defined.

Mr. Chairman, in one of the earlier sessions, Mr. MacLaren asked for some information regarding toy imports; may I read it at this point?

The CHAIRMAN: Yes.

WITNESS: (Reading):

Toy Imports, Fiscal Year 1926-27.

United States.. . . .	\$ 717,990
Germany.. . . .	647,009
Great Britain.. . . .	209,365
Japan.. . . .	47,398
France.. . . .	36,890
Other countries.. . . .	23,019
	<hr/>
	\$1,681,671

No division is made by Department of Customs as to value of wood and metal toys.

Imports of dolls not included in above figures; these amounted to \$37,881 from United States alone for same period.

By Mr. McGibbon:

Q. Are those toys competitive with your work?—A. Some are, yes.

Q. Do you make them all?—A. All these lines? No, sir.

Q. How many of them could you make?—A. That is very hard to tell you. Our policy has always been to develop certain lines suitable to our men on which we have not a very great loss, and, to try to increase our sales among certain standardized lines.

[Mr. J. L. Melville.]

Q. Here is a market of how much, did you say?—A. \$1,681,000.

Q. What part of that market could you supply?—A. Our total sales last year; our production and total sales—

Q. No, I am not asking what are your total sales. What part of that market could you supply the goods for?—A. We cannot get the classification for these. The figures are not broken down by the Customs Department into the different classes.

Q. Have you no idea whether your shops could supply that market of one million dollars?—A. Yes, I think we could double the present capacity of our shops, with proper advertising, and take on a good many of these lines.

Q. What proportion of that amount could you take on?—A. I do not know. I would say 25 per cent anyway, but that is very hard to estimate.

Q. That would be another \$400,000 of business?—A. Yes.

By the Chairman:

Q. Are any of those toys manufactured in Canada?—A. Yes, a good number.

Q. Are they competing with Canadian manufacture?—A. Yes.

Q. And do you actually now compete with Canadian manufacture?—A. Yes, we do.

By Mr. McGibbon:

Q. You say you could take on 25 per cent of that million of importation. Could you develop a greater percentage than that, do you think?—A. Yes, we could, with proper equipment, publicity, advertising and everything else.

Q. What is the total loss of your Department from the Red Cross Shops?—A. The total loss in actual figures?

Q. Yes, in dollars and cents?—A. I can give you that in a few minutes. I have not the actual figures. I have the figures per man per month.

Q. But you surely know what deficit your department is running per year?—A. I could not give you that at the moment.

Q. Do you mean to tell me that you are running this Department, and you do not know what the yearly result is?

MR. THORSON: He does not run the whole Department.

WITNESS: It is a very difficult thing to give those figures off-hand.

By Mr. McGibbon:

Q. Surely every man in the Department, employed in an executive capacity, should have a knowledge of whether the business is progressing or not?—A. I have that, and I have shown it in my report.

THE CHAIRMAN: He has given the loss per man per month.

By Mr. McGibbon:

Q. What is the total? I am not here to do mental arithmetic, or any other kind of work of that sort?

MR. McLEAN (Melfort): The witness has offered to give it in a few minutes.

MR. MCGIBBON: Add it up then, and let us have it.

By Mr. McLean (Melfort):

Q. Before doing that will you tell us your output at the present time?—A. Our total sales last year would be about \$275,000.

Q. What is your chief article of manufacture?—A. Wooden ware, kitchen tables and porcelain-top tables would be our largest.

[Mr. J. L. Melville.]

By Mr. Hepburn:

Q. I have had several letters of protest from two manufacturers in connection with what they consider unfair competition on the part of the Vet-Craft Shops. They have been specializing in washboards, and the competition has become so great, that they have had to lay their men off. They do not think any one industry should be singled out in this regard. You mentioned that you wanted to extend your business, but not to interfere with Canadian industry. I do not know how you propose to do that. According to these letters, your present production is interfering with Canadian industry. I have investigated it, and I find that is right?—A. That would amount to this: there could be no line that we could manufacture which would not compete with some one.

Mr. McPHERSON: The witness also said they were competing with imported goods.

Mr. HEPBURN: Why should any one industry be singled out?

Mr. THORSON: If it is a good industry to compete with, why not?

By Mr. McGibbon:

Q. Another question, Major. You have only got about \$275,000 worth of business at the present time?—A. Correct.

Q. And there is \$1,600,000 of importation. Why have you not got more of that business. I am not asking critically, but for information?—A. Why have we not got more business?

Q. Yes?—A. One difficulty has been the development of the shops. The gradual development of the shops, and the policy of expansion.

Q. How long have your shops been in existence?—A. Since 1920.

Q. You have been eight years in existence, and have not got them developed yet. How many years will it take to develop them?—A. We have an advertising campaign, and are going ahead with a rapid development.

Q. What do you mean by a rapid development?—A. Doubling the present capacity of the shops.

Q. What has been the difficulty?—A. There has not been a definite policy with regard to the extension of the shops. The Department has been preparing information, and submitting it.

Q. For eight years?—A. Yes.

Q. The soldiers will be all dead before you get the information, will they not? What about your efficiency in these shops? I am speaking of your equipment, and your men?—A. The equipment is up to date.

Q. And how about your workmen?—A. A workman has to be unemployed in the general labour market before he is eligible for admission to our shops.

Q. How about their efficiency?—A. It is very high, sir, as far as it goes.

Q. Where do you put your limitation?

Mr. ADSHEAD: How far does it go?

By Mr. McGibbon:

Q. What I am trying to get at is this: could you go out and get more business and do it efficiently? Here is a vast amount of business that you have not got. Out of \$1,600,000 you have only \$275,000.

Mr. ARTHURS: That only applies to toys. It has nothing to do with tables or washboards.

WITNESS: Nothing whatever.

(Mr. J. L. Melville.)

By Mr. McGibbon:

Q. Why has not this business been increased? Is it for lack of efficiency on the part of your men, lack of efficient shops, or lack of more support and financial aid?—A. No, it is lack of sales. It has been pretty hard to sell.

By Mr. Thorson:

Q. How long have you been making toys?—A. We have been making toys since about 1921.

By Mr. McGibbon:

Q. Then what is your difficulty in selling?—A. Our main difficulty in toys is not selling, but is the cost of manufacture with our class of men.

Q. Well now, why is that?—A. Because they are difficult; the cost runs up, of making small toys, unless you have special machinery and cut out the labour as much as possible.

Q. Then your shops are not efficient?—A. Well, we have the reverse problem to that of the ordinary shop. Instead of having machinery, we have labour, and that is our very difficult problem. Instead of having the work done by machinery, we have to have the maximum amount done by labour of a very difficult class to deal with.

Q. Then why do you not change that?—A. We would not have the number of men then. We would not be able to give employment to the same number of men.

Q. If you got more business, you would have more employment, would you not?—A. That would follow.

Q. If you got your shops up to date, and got in machinery so that you could make these toys and compete with the world, you would have more employment, would you not?—A. We would, yes.

Q. Then why do you not do that? There must be a reason for this, and the reason is what I am trying to get at. Is the reason this, that you cannot compete with outside countries, like Germany?—A. No, I would not say that. Certainly, in a great many toys, for instance, in metal toys, we cannot compete against Germany at all. And, there are certain lines of small toys that we cannot compete in. That is possibly why we have developed into the class of plain woodenware.

Q. You cannot go into a shop in Canada and buy anything, except German goods. Why is that?—A. That class we cannot compete with. We can compete in plain wooden toys, but not with the others.

Q. Is there anything you can suggest that would enable you to get that business, and keep our crippled soldiers employed, rather than keeping Germans employed?—A. We might get equipment for that. In Germany, all the metal for toy manufacture is salvaged; for instance, tin cans. I have investigated as far as I can and I find they use tins of a certain size, and they are turned out very cheaply under piece work.

Q. Leaving aside German competition, we know what that is, from their monopoly of the market; what would you suggest that would bring your shops into competitive lines so that you could get the business which is evidently here for you?

Mr. ARTHURS: On wooden toys.

WITNESS: A greater expansion of the workshops, and more men, and a greater selling campaign to sell the manufactured product.

By Mr. McGibbon:

Q. What do you mean by the expansion of your workshops?—A. More equipment.

(Mr. J. L. Melville.)

Q. Why have you not obtained that equipment? The war is over ten years and you have been running eight years. Why is it that your shops are still behind-the-times?—A. Well, probably, the demand. The problem has been increasing. The problem in 1921 was nothing like what it is to-day; with these problem cases, it is much more acute now.

Q. I do not see why you should not have your shop efficient, whether it is a little, or a big shop?—A. I think the shops are as efficient as we can make them.

Q. You just told us they were not; that you did not have the proper machinery?—A. I do not think I said that.

Q. I will leave it with the stenographer's notes, and we need not argue the point. I asked you the question why you could not get a greater volume of business, and I think that was your answer. If that was not your answer, what is it? I am only asking for information.—A. I say, to get a greater volume of business, we would have to increase the workshops, take in more men, and that means more production, and more sales.

Q. If you have a problem like this on your hands, why has not that been done? You are not giving employment to all the men that deserve it yet?—A. It is on the way. We have taken a new building in Montreal which is being equipped at the present moment, and we will take on the work next month. The Department has taken over the workshop now, and with effect from the 1st of May, we have leased the building, and the equipment is being purchased now, and we will double or treble at least, the number of men in a very short space of time, in the Montreal workshop.

Q. How many men do you employ in Canada?—A. 250, to-day.

By Mr. Adshead:

Q. Is that the total number of men that you employ in Canada?—A. That is the total, yes.

By Mr. McGibbon:

Q. You employ 250 for \$275,000 of business. Supposing you got a million dollars of business, how many jobs would that give?—A. Well, I think we could take it safely at a thousand men.

By Mr. McPherson:

Q. Would not your number of men in the employment reduce proportionately to the volume of trade, if you went into it on a big scale?—A. On a production basis, yes sir. That has always been our endeavour in the workshops, to specialize on certain lines, and turn them out on a production basis, instead of having a very broad line, and turning out small quantities of each article.

By Mr. McGibbon:

Q. What have you to suggest about employing more men here?—A. We would need more equipment in the shops, and national advertising to get Vet-Craft goods before the public, and create the demand.

Q. That is a matter of salesmanship, isn't it?—A. Yes.

Q. You can sell anything if you get the right men at it. Now, you say, you would need more shops and greater equipment in your shops?—A. An expansion of the present workshops, and possibly some new shops.

By Mr. Hepburn:

Q. Would not installing machinery displace a portion of the present labour you have employed?—A. No, I do not think so.

[Mr. J. L. Melville.]

Q. You are talking of installing machinery, which would displace labour?
—A. No, it would be standard machinery.

Q. But all machinery to-day displaces labour?—A. Not the class of machinery we use, in standard wood working machines.

Q. Do you not say you were competing with machine made goods, with hand labour?

Mr. ADSHEAD: He wants to employ more hand labour.

Mr. HEPBURN: But if he gets more machinery, he will employ less hand labour?

WITNESS: No, because you have certain basic machines, planes and sanders, and so on, which are essential to the work.

Mr. MCGIBBON: It seems to me that you have chosen a very difficult industry, because the latest returns show this heavy foreign competition.

The CHAIRMAN: Pardon me, doctor; they are developing a number of industries, and not only the toy industry.

Mr. MCGIBBON: I am referring to the toy industry.

WITNESS: It is about 25 per cent of our total production.

By Mr. McGibbon:

Q. Twenty-five per cent is an important percentage. Practically all the toy manufacturing shops in Canada have been put out of business by foreign competition. Is not that your difficulty?—A. In a certain class of toys. But there are certain toys, wooden toys, for which there is a demand, and on which we can turn out goods and compete in the business to-day, and make a reasonable return on our toys.

By Mr. Arthurs:

Q. The trouble there lies in the fact that you have not proper machines for turning out wooden toys, does it not?—A. No, I would not say that. We limit our lines in these toys to only certain ones. There are others where the amount of machine work, or hand work involved is such that our labour costs would be out of all proportion and we could not compete, on account of our class of labour.

Q. The machinery for that class of toy would be very cheap comparatively. It would not be expensive? Wood-working machinery is not expensive?—A. No, it is not.

By Mr. Hepburn:

Q. With your present production, you are competing principally with Canadian manufactured goods. The goods you are manufacturing to-day compete with Canadian manufactured goods, do they not?—A. When you talk about porcelain-top tables, and wooden tables and washboards, and so on.

Q. Now, with the Government at your back, you are in a position to compete unfairly, if you desire to do so, with the present manufacturer?

Mr. THORSON: But they do not do so.

Mr. HEPBURN: You do not know that, and if you will permit me, I will ask the witness.

The CHAIRMAN: I suggest that we let Mr. Hepburn complete his line of questions. Proceed with your questions.

By Mr. Hepburn:

Q. The effect of your competition with the ordinary manufacturer is that he has to reduce his production, and let his men go. Are you not in a position to compete unfairly, if you choose to do it, because you have the financial resources of the country behind you?—A. That is right, but we do not.

[Mr. J. L. Melville.]

Q. Certain manufacturers say you do. I would ask you if, at any time, you have changed your prices lately? I have no antagonism towards Major Melville, and in fact, we are personal friends, but I want to bring out this information.—A. Prices are always subject to change.

Mr. McPHERSON: Perhaps you could quote some figures through Mr. Melville that would bring out the point you wish.

By Mr. Hepburn:

Q. Yes. If we are going to expand this industry, then in all fairness to the manufacturers of this country, we ought to control the imported article, that you are going to also produce. Here is a firm, and you can see by their letter that washboards are their principal production. That is a line of manufacture that you are developing further, and you are putting them out of business, and they are laying their men off as a result. Another firm is doing the same thing. They mentioned these to me—it is more or less confidential—but they tell me where they have lost big orders, and they claim it is because of unfair competition, and I can see where it can be unfair. Now, I think we ought to lay down a principle that if we are going into this thing we should go into it in the proper way.

The CHAIRMAN: This is a matter for discussion. If you have any questions to ask Mr. Melville, I think you should be allowed to ask them, but the discussion on matters of policy should be reserved. I think you should ask Mr. Melville if it is a fact that they are competing.

Mr. HEPBURN: Certainly they are competing, we know that.

The CHAIRMAN: In an improper way?

By Mr. Hepburn:

Q. They are in a position to cut the prices at any time they desire, and the other people cannot compete, because they have not the financial resources of the country behind them. These men you are competing with, or many of them, are employing returned men, and they are tax payers of the country. Do you think it is fair that any one industry should be singled out to compete with?—A. We have not singled out any one industry.

Q. For instance, very little wooden ware is imported into Canada, and you are only displacing labour in another place by developing that line?—A. We have developed the one line that after investigation, we found to be the one suitable to the type of men we have to employ. The difficult problem cases are those we have to deal with. In connection with washboards, there is a large manufacturing firm in Toronto, and we have never had a complaint from them yet, and we have no complaints from any manufacturer of cutting prices. Our salesmen do not cut prices. Any reference to prices has to come before the Committee, who deal with it, and we do not come into competition, and that has been our strict policy.

Mr. Ross (Kingston): May I make a suggestion? Why not have Mr. Melville bring in a report of what they have manufactured, and what they have sold, and the prices, and we will see what the competition is.

WITNESS: I have furnished information. For instance, on washboards, I have furnished information.

By Mr. Hepburn:

Q. They say here that they consider the goods are sold less than fair market value, and that at odd periods "they"—meaning your industry, "slaughtered prices which we presume was for the purpose of clearing out surplus stocks."

By the Chairman:

Q. Is that a fact?—A. We did not slaughter prices.

[Mr. J. L. Melville.]

By Mr. Hepburn:

Q. Have you changed your prices?—A. We were selling about 16,000 washboards a year, from our Toronto workshop, which is very small, compared to the sales throughout the Dominion by any manufacturer. On that account, possibly, we have no trouble, but prices were cut by a manufacturer in washboards, and we did not cut our prices for three years practically, our sales reduced down to 3,000 a year. At the beginning of this year, we had a stock on hand of washboards, which were depreciating, naturally, by being in stock, and our prices were brought down to the level of the market price.

Q. You lowered your price, apparently, to meet the competition. Are you sure you did not go below the level?—A. I am quite sure, Mr. Hepburn.

By Mr. McLean (Melfort):

Q. How many washboards did you sell last year?—A. We sold 2,125 washboards from Toronto, and 7,107 from Halifax, the only two shops where they are made.

By Mr. Hepburn:

Q. How many were sold in Canada all together?—A. I cannot give you that figure.

Q. Why not?—A. I do not know where it is available.

Mr. MCGIBBON: You could get some idea from the Bureau of Statistics.

WITNESS: I might, but that is available to the Committee.

Mr. CLARK: I should think very few families buy a washboard more than once a year.

Mr. HEPBURN: It is not only washboards, but other wooden goods, such as step-ladders.

By Mr. Clark:

Q. Is your volume of production in other things proportionately about the same?—A. Yes, it is quite a small proportion of the consumption in the country of any one item.

By Mr. Adshead:

Q. But you never went out and cut prices below the ordinary price?—A. We never have.

The CHAIRMAN: There are two lines of thought now indicated. One is that these Vetcraft shops should be developed so as to increase production; the other thought is that they ought not to produce at all.

By Mr. McLean (Melfort):

Q. Would it be correct to say that your problem and your object has been to employ as many of the unemployable returned soldiers as possible, and develop their ability so that they can transfer to ordinary shops and be of some value? Or, is it the problem of producing as much saleable goods as possible?—A. No, our object has been to take these problem cases into the workshops, to build them up, and get them back into industry, and keep a steady movement through the shops. Our difficulty is this, and it has been shown time and again, that when we do manufacture a line of goods and establish it on the market, then some manufacturer comes in and duplicates our line, and undersells us.

By Mr. Adshead:

Q. They undersell you, and not you them?—A. Yes, that is our difficulty, and the treatment we have received.

[Mr. J. L. Melville.]

By Mr. Hepburn:

Q. Just two questions, and then I will quit. The first one is this, that if you go on and develop along the lines suggested, that is carry out a policy of expansion in the way of manufacturing, you are certainly going to displace labour somewhere in Canada. Is that right?—A. No, I would not say so.

Q. If you compete, you are going to displace labour?—A. No, we are employing labour.

Q. But, you are causing manufacturers to lay off labour somewhere else. I will not insist on a definite answer to that, but tell me this: If the Government could give you an assurance that there would be an embargo on any one line of goods, say, toys; an embargo placed on that; you would have a monopoly of the market so far as you are supplying the toys. Do you think that would meet your difficulties in any way, because there is a market which is supplied by foreign manufacturers, largely?—A. I doubt it very much. We have not considered it in that way. We would like to develop one or more lines exclusively in our shops.

Q. Would it not be a better basis for you if you had a monopoly in any one particular line, rather than meet this competition all the time if you develop further?—A. It would be an advantage, yes.

Q. It would be better for you?—A. Yes, it would be very nice, of course.

By Mr. McLean (Melfort):

Q. Would there be a possibility of someone stepping up and going into your lines after you have established a market?—A. That has been our experience all along.

Q. Possibly, you are older in the business than these manufacturers who are complaining, and possibly you have built up the market?—A. Exactly.

By Mr. Speakman:

Q. So, practically, you would need a monopoly in the domestic goods as well?—A. Probably we might.

By Mr. Ross (Kingston):

Q. I do not agree with all that has been said. I do not think it can be said that your workshops have been going for eight years. Your shops were at the beginning, Vet-Craft Shops in connection with the hospitals. Men were taken out of the hospitals as convalescents, and put into industry.

The CHAIRMAN: They had another name for it.

WITNESS: Yes, that is Occupational Therapy in the hospitals.

By Mr. Ross:

Q. Apart from that you developed these Vet-Craft Shops. There was one at Kingston?—A. Yes, there was one at Kingston.

Q. And others at other points? So that, you cannot say that the workshops you have now and which you are developing have been in existence for nine or ten years?—A. It is since 1921, I said, sir.

Q. Another question in regard to toys. The toys that have been made in your workshops are not as saleable because they are not as attractive as the imported toys? In other words, the toy situation depends upon the inventive genius of the people making the toys?—A. Yes.

Q. It is not the same toy that was sold last Christmas that will be sold next Christmas. Is not that the situation?—A. There is something in that. But, there are certain lines which are standardized, and which have been sold year in and year out.

[Mr. J. L. Melville.]

Q. Do you think anything would be gained if a man were taken from the D.S.C.R. and sent over to look into the toy situation? We would like to give you—I think it would be the feeling of most of the members of this Committee—a monopoly of toy manufacture, but we would be in this position, that it is not the price of the toy, it is the quality, the character of the toy, the attractiveness of the toy that makes it saleable at Christmas time?—A. There is no question about that.

Q. Now, there is where we are lacking, and there is where the whole work is lacking. If we had a man who could go into these centres of toy making in Germany or wherever it is, and come back with their ideas, and put them at work here, do you not think then we could help to give you a monopoly?—A. It would be possible to take up certain lines, probably metal toys, and we might manufacture them.

Mr. ROSS (Kingston): For instance, you have certain wooden toys; I do not think anyone can surpass you in that work. You have a toy that walks itself down an inclined plane. If the quality of the toy were developed and improved, there would be a greater sale of that toy. I understand that is where the lack in the whole thing is. I have followed this thing from these Vetcraft Shops and the hospitals into other fields. I have been in Germany, and I find it is the novelty, the change, the working-out of a toy that is going to catch the children's and the mothers' eyes, that is going to take well.

The CHAIRMAN: A novelty, about Christmas time.

Mr. ROSS (Kingston): A novelty sold about Christmas time. If you could send a man to these centres, you would be prepared to compete, if you could get that work. It is not a new thing to-day; for twenty years this has been developed.

Mr. McPHERSON: The value and sale of these articles fluctuate greatly throughout the year, and it is rather problematical, depending upon the financial condition of the buyer at Christmas time. I am not going to suggest this as a definite article, but would it not be better, if you are going to get a monopoly, to take a standard article such as a washboard, which is used by everybody all the time; give them a standard article, and restrict yourselves to one article.

Mr. ROSS (Kingston): Why do you suggest washboards?

Mr. McPHERSON: I am not suggesting washboards particularly. Here is a concern which does a lot of wood work, and others do the same. A certain percentage of their business is, manufacturing this one article, which the Committee might recommend. I gather that the biggest trouble with the Vetcraft Shops is, to get an article which is suitable for the labour that they have in those Vetcraft Shops, and that can be done by it.

Mr. THORSON: How would you give the D.S.C.R. and the Vetcraft Shops a monopoly?

Mr. McPHERSON: There are only two ways that I can see. Specify whatever article you are going to have made in the Vetcraft Shops, and put an absolutely prohibitive duty on it.

Mr. ADSHEAD: You would get a large market.

Mr. McPHERSON: A prohibitive duty outside and an excise tax inside.

Mr. ROSS (Kingston): And develop it?

Mr. McPHERSON: Develop it here. The thing is not unheard of.

The CHAIRMAN: It is based upon a sound principle.

Mr. McPHERSON: It is the British system in practice, a government monopoly. We could take anything at all that the Vetcraft experts should suggest and we would manufacture it reasonably, at a reasonable cost to the public, and we could develop it with the volume of trade, manufacturing at moderate prices, and yet employing all these men.

Mr. THORSON: It would eliminate inside competition.

Mr. McPHERSON: Inside competition would be eliminated.

The CHAIRMAN: I think Sir Eugene Fiset has a suggestion to make, a preference very much like the returned soldiers' preference, in the Civil Service Commission, to be given to the Vetcraft Shops, for the sale of almost all articles used by the different government departments, such as wastepaper baskets, chairs, desks, tables and so forth. When the Department of Public Works wished to equip a public building they could go to the Vetcraft Shops and say, "Can you make us so many wastepaper baskets, so many chairs and so many desks?" The Vetcraft Shops might thrive on the work they could get from the government alone. That is not my suggestion, it is Sir Eugene Fiset's, but he is not present. Whether you think it is worthy of consideration or not is another matter.

Mr. Ross (Kingston): I have one other word to say about the kind of work that is given to these mental cases or debilitated men in the cities. It is rather a hardship on such men, because they are not very strong; very often they are bronchitic, very often they are asthmatic men, and they are sent out to wash automobiles, or they are sent out to clean windows. That is a kind of work they cannot do. I have an example of a diabetic case; the man was given the work of collecting accounts. He tramped all over the city collecting those accounts at so much per day. The result was that the man was not able to do it. I have a suggestion to make in regard to that. I was in charge of the Unemployment Fund after the War, forty million dollars odd. We found in that connection that the working-out of it depended upon the local committee. In Montreal they put in a man there, and he went out and in two industries he located 400 jobs; he put 400 returned men into two industries. In Saint John we did not pay out one cent for local work, due to local interest. I think if your men in these cities were in close touch with the Employment Bureaus, they could have more men employed than they have at the present time.

Mr. McGIBBON: Have you given any thought to the development of an industry, such as, for instance, chicken breeding, which any man can be taught? You have an unlimited market and very little equipment is needed?

WITNESS: Men have been given that, as a separate function of the Department. That has been done.

Mr. McGIBBON: The overhead is small, and the market is unlimited.

By Mr. Ross (Kingston):

Q. Some men were given a training in that, Mr. Melville?—A. Yes. We have a number of men who have been trained, and have followed it.

By Mr. McGibbon:

Q. With what success?—A. Fair success.

Q. Are you enlarging that industry?—A. No more training has been granted. If a man wanted that line, and it suited his disability, it would be given to him.

Mr. McGIBBON: It requires very little overhead and very little equipment. All they want is an incubator, any kind of building; they can buy eggs by the thousand, start cheaply, and make good money.

Mr. BARROW: If you were given a monopoly of some specified industry, so as to enable you to take care of all problem cases, suppose you are going into some kind of woodwork, you are bound to get a certain number of men with no bent for carpentry. Has the Department one industry with enough

(Mr. J. L. Melville.)

occupations connected with it to take care of all problem cases, or would it be necessary to have a vocational branch?

WITNESS: In connection with woodworking there would be involved men operating machines, first cutting lumber, then assembling it and so on; there are men not suitable for that class of work. Those men are employed on such work as making poppies and wreaths, the sales of which amounted to \$50,000 last year. That takes care to an appreciable extent of that class of men.

By Mr. McGibbon:

Q. How many would you have available or eligible?—A. I would imagine we have 100 more men registered with us.

Mr. BARROW: But one industry exclusively would not be sufficient for the purpose?

Mr. ADSHEAD: What about that letter which was read by you, Mr. Chairman?

The CHAIRMAN: Mr. Scammell is going to give us some figures, and we will then take up that matter.

Mr. E. H. SCAMMELL: At the end of 1927 we had 1,650 men to relieve. The relief is mainly issued in the principal centres of population. These are men not employed. Of course there are a large number of men not employed in addition to that.

Mr. MCGIBBON: That is what we want, the total number.

Mr. SCAMMELL: The number registered as unemployed at the time these figures were made up was 2,431. These figures are simply taken from some of the principal centres, such as Toronto, Montreal, Halifax, Winnipeg, and Vancouver. I have this note on it:—

Of the number registered as now unemployed among the pensioners, it is estimated that at least 75 per cent will be unable to obtain or hold permanent employment; the remaining 25 per cent may, in process of time, be provided with sufficient employment to ensure that they will not yet become a public charge, although it may be necessary at certain times to give them some assistance. It is also estimated that the problem will become more acute and assume larger proportions during the next fifteen or twenty years, due to the fact that a number of the men who are now employed will, as they become older, find it increasingly difficult to continue the work in which they are engaged.

The average age of the disability pensioner to-day is forty-one years; the average of the unemployed current pensioner is forty-six, of which approximately 33 per cent are over fifty, that is, the pensioner's age at the time of this statement.

Mr. CLARK: You say you have two classes of pensioners; I thought you said disability pensioners and current pensioners. What is the distinction?

Mr. SCAMMELL: I judge that this is the pensioner who is included under the 2,431 unemployed pensioners; their average is forty-six, which is five years more than the average age of the disability pensioner, taking the employed and the unemployed.

Mr. CLARK: Let us take the average age; what is it?

Mr. THORSON: The average age of the unemployed is forty-six.

Mr. SCAMMELL: I can give you the distribution, if you like, of these 2,431; Halifax, 44; St. John, 7; Montreal, 781; Toronto, 834; Ottawa, 214; London, 23; Winnipeg, 63; Regina and Saskatoon, 24; Calgary and Edmonton, 12; Vancouver and Victoria, 429.

[Mr. J. L. Melville.]

The registrations in Nova Scotia, New Brunswick, Manitoba, Saskatchewan and Alberta do not represent the total unemployment, but they do indicate that the problem in those provinces is not so acute as it is in the larger centres of population, where the means of registration are more readily available.

Mr. CLARK: Before you go on, at Calgary and Edmonton the proportion is very small; how do you account for that? Is it because they take care of them, or is it because they drift to the coast?

Mr. SCAMMELL: It is because a large number do not register.

Mr. ADSHEAD: They do not register?

Mr. SCAMMELL: They do not register with the employment service to the same extent as in the larger centres, such as Montreal and Toronto.

Mr. ADSHEAD: How do you account for that?

Mr. SCAMMELL: They are not there.

Mr. CLARK: There is not very much difference between Montreal and Toronto in regard to population, but there is a tremendous difference in the registration.

Mr. GERSHAW: The population is more compact.

Mr. MCPHERSON: As far as the West is concerned, there has been an enormous amount of non-official assistance.

The CHAIRMAN: I do not think these figures indicate anything.

Mr. ARTHURS: I think they do. They indicate that there is a lot of unemployed.

Mr. MCPHERSON: If we have any trouble in the West, it is on account of lack of variety of employment, and where there is not varied employment the percentage is away up. Take in the West, outside of Winnipeg, outside of the industries in Winnipeg, Calgary and Edmonton, we have no other industries to put men into.

Mr. CLARK: So far as Edmonton is concerned, they made a very strong effort out there. I think General Griesbach had a very strong organization, to promote interest among the business men. I want to know whether the low percentage there is due to that organization, or is it because they drift down to the coast, where the climate is easier on them.

Mr. SCAMMELL: Whether that accounts for the percentage or not, I could not say. My statement is borne out by the figures. The figures for that province are second in the whole Dominion, showing the drift there.

The CHAIRMAN: That is, per capita of population.

Mr. SCAMMELL: With regard to that Citizens' Committee in Edmonton, which Mr. Clark speaks of, that Committee did very excellent work. While the problem is not a very large one there, it has been very efficiently handled. We have provided the last two or three winters a secretary to the Committee, and that is the only expense the Department has been under in that regard. I see that the figures in the last Annual Report of the Department, for the season commencing November 15th, 1926, and ending March 31st, 1927, shows that they placed 87 married men, two single men and there were listed as unemployed at the 31st of March '29 as against a number listed at the commencement of that winter's operations as 148. So that they handle the situation in Edmonton fairly well, through the Citizens' Committee.

Mr. Ross (Kingston): In other words, as I said, it is a local situation, and the local people handle it very well. We have returned men in Kingston with the Unemployment Bureau.

[Mr. J. L. Melville.]

Mr. ADSHEAD: I do not see why Edmonton and Calgary are put in together; why are they not separated?

Mr. SCAMMELL: I have the figures listed under the different provinces, and the list for Alberta is 12. There are only two offices in Alberta, Calgary and Edmonton; I cannot say how many of the 12 are in the one city. May I give you the figures asked for just now? According to the Annual Report for 1927, the loss sustained by the Department on the operations of Vetract Shops was \$133,517.52.

Mr. CLARK: I would like to ask one question. The figures of the unemployed you have given do not include those taken care of by the City Relief Offices in the various centres mentioned?

Mr. SCAMMELL: They only include pensioners registered with the Employment Offices.

Mr. CLARK: They do not include problem cases that are not pensioned at all?

Mr. SCAMMELL: Not at all; they are entirely outside of that.

The CHAIRMAN: Mr. Adshead has certain questions to ask with regard to payment of employees of the Vetract Shops in Toronto.

Mr. ADSHEAD: There is that letter which was read, Mr. Chairman.

WITNESS: The Vetract men in Toronto are granted one day's holiday with pay per year.

By Mr. Adshead:

Q. Are they paid by the hour?—A. Yes.

Q. And if they lose an hour, they lose the pay?—A. The same as ordinary industry.

Q. They have one day's holiday per year with pay?—A. Yes.

Q. What is the pay per hour?—A. Thirty-three cents per hour.

Q. And they work eight hours a day?—A. Depending upon their condition. If a man can only work four hours a day, he works four hours a day.

Q. They work forty-four hours a week?—A. Yes.

By Mr. Hepburn:

Q. In employing 260 men, you lost \$133,000?—A. Yes.

Q. That is \$500 per man per year? It would pretty nearly keep the man? —A. In the actual returns tabled we show the actual result of operations in the shops. A good deal of that may be extended into the last fiscal year. The actual loss per man per month varied from \$15 and a few cents in Hamilton to \$33 per man per month in the British Columbia workshop.

By Mr. Ross (Kingston):

Q. Is not the principle at the bottom of it that it is better to give men work?—A. Yes.

Mr. THORSON: That is the real basis of it.

Mr. MCGIBBON: Can we get a list the next day we meet of the classes of work they are doing, the number of days' work, and the loss in connection with them?

The CHAIRMAN: You mean in each division, or in each shop?

Mr. MCGIBBON: The number of employees.

WITNESS: The number of employees is given.

The CHAIRMAN: If any member of the committee wishes to consult them, we have here several pamphlets on the Vetract Workshops.

[Mr. J. L. Melville.]

If we have finished with Major Melville, I would suggest that the Committee go into session in camera, in order to decide upon our program for the future.

Mr. ADSHEAD: Where is that letter, Mr. Chairman? You have not read it.

WITNESS: The reference may be to the men employed in the Orthopaedic Workshop. They are skilled mechanics. They get one week's holidays with pay, in accordance with the Civil Service regulations.

Mr. ADSHEAD: I would like to hear it read again.

The CHAIRMAN: The writer says that they are stopped pay for all public holidays, that the limb factory and D.S.C.R. staff and employees working under the same roof are paid for all public holidays, and they also get from one to three weeks' holidays during the summer, and that the Vetcraft workers are stopped pay for every hour off.

By Mr. Adshead:

Q. They get one day during the year with pay, Mr. Melville?—A. Yes.

Q. Why the difference between men who work on orthopaedic work, who get three weeks' holidays and whose pay is not stopped, and the Vetcraft workers?—A. The idea was to give them work under corresponding conditions in the sheltered workshop.

Q. In the same building?—A. No, employment under sheltered conditions, which would correspond as closely as possible to conditions under ordinary industry, where they are not paid for holidays. The other men come under the Civil Service Commission's regulations.

Mr. ADSHEAD: The men who are the least able to help themselves get the worst of the deal. The orthopaedic men get three weeks' holidays, while the other men get one day's holiday with pay in a year.

Mr. CLARK: Before Mr. Scammell goes, it might be well to have him intimate what proportion of the \$133,000 is capital expenditure.

Mr. SCAMMELL: It is rather difficult to say, from these figures. The average loss per man, as Major Melville says, is from \$15 to \$33 per month. \$25 per month is \$300 per annum. There is no capital expenditure, and no expenditure for rentals, heating, or services of that nature, or for replacement of machinery.

Mr. MCPHERSON: It really represents the loss on the actual labour?

Mr. SCAMMELL: It represents the loss on the actual operations, without any overhead.

Mr. McLEAN (Melfort): Can you give us any idea of the loss on material as well as the loss on wages?

Mr. SCAMMELL: It would be pretty hard to do that. That is where the whole thing lies. If the loss is due to the men's time, there is no question about it.

Witness retired.

The Committee adjourned to go into session in camera.

INDEX, GENERAL
INDEX; SPECIAL

INDEX, GENERAL

	PAGE
<i>Addenda.</i> —Resolution of National Council of Women of Canada <i>re</i> Soldiers' Insurance.. . . .	Mrs. Wilson 115
Resolution desiring amendments to Pension Act <i>re</i> marriage, and protection of deceased soldier's widow.. . . .	Mrs. Wilson 115
Employment Service of Canada, operations of, under a certain agreement.. . . .	Mr. Dobbs 163
Employment Service, Handicap Section, Toronto offices.. . . .	Mr. Marsh 164
Resolution of Amputations Association, The Sir Arthur Pearson Club, and The Canadian Pensioners Association <i>re</i> pensions, insurance, etc.. . . .	Mr. Myers 205
Resolution of The Canadian Pensioners Association <i>re</i> Federal Rehabilitation Board, etc..	Mr. McDonagh 205
Data <i>re</i> number of Appeals considered by the Federal Appeal Board.. . . .	Col. Topp 352
Data showing results of hearings by the Federal Appeal Board.. . . .	Col. Belton 376
Data showing operations of the Soldiers' Insurance Department, also number of policies issued, etc..	Mr. White 517
Recommendations of the Canadian Legion, B.E.S.L. <i>re</i> Service pensions, Civil Service preference, Exchange.. . . .	Mr. Herwig 605
Statistical summary of the Soldier Settlement Board showing revaluation of soldiers' land holdings.. . . .	Major Ashton 608
Collections from land holdings.. . . .	Major Ashton 609
Supplementary proposals of the Canadian Legion, B.E.S.L., desiring amendment to Section 14 of Pension Act, also to certain Orders in Council, and also to present rate of compensation in favour of certain mental cases while undergoing treatment.. . . .	Mr. Barrow 610
Supplementary proposals of the Army and Navy Veterans of Canada <i>re</i> retro-active award of pension.. . . .	Capt. Colbourne 610
	SECTION
<i>Amendments to Pension Act, Suggested.</i> —(Note,—see also Special Index which follows this General Index for particulars of the evidence and consideration given thereto under the various Sections of the Act which the suggested amendments would affect).	
Interpretation, defining paragraphs (a) to (o)..	Sec. 2
Commission, relating to appointment and duties of the Board of Pension Commissioners.. . . .	Sec. 3
Claim and award of pensions.. . . .	Sec. 11
Improper Conduct, and exceptions thereto relating for the granting of pension.. . . .	Sec. 12
Time limit within which application for pension must be made.. . . .	Sec. 13
Award of pension according to rank or acting rank at time of appearance of disability.. . . .	Sec. 14
Provision to order expenditure of pension when pensioner is incapable of expending pension in a proper manner.. . . .	Sec. 16
Provision for assignment of pension in certain cases.. . . .	Sec. 18
Provision in respect of unclaimed or unpaid balances of pension.. . . .	Sec. 20
Meritorious or compassionate pension or allowances.. . . .	Sec. 21
Children's pensions.. . . .	Sec. 22
Disability pension in respect to pulmonary tuberculosis.. . . .	Sec. 24
Disability pension regarding its temporary or permanent duration—Suspension of pension—Commutation or final payment.. . . .	Sec. 25
Disability, total, affecting amputation cases and extra allowance therefor—Wear and tear of clothing.. . . .	Sec. 26
Time of commencement of pension payments.. . . .	Sec. 27
Refusal to undergo treatment—Provision not to apply if pensioner is suffering with a mental or neurological condition.. . . .	Sec. 28
Pay and allowances, and Pension, differences between—Inmates of institutions as indigents.. . . .	Sec. 29
Parents, allowance thereto for maintenance.. . . .	Sec. 30
Sickness and burial expenses.. . . .	Sec. 31
Widows' pensions—Unmarried wife—Refusal of pension thereto in certain cases.. . . .	Sec. 32
Parents' pension when mentally or physically incapacitated—Widowed mothers'.. . . .	Sec. 33

Amendments to Pension Act, Suggested.—Con.

SECTION

Age limit in cases of brother or sister and provision therefor if an orphan or becomes an orphan.. . . .	Sec.	34
Death pensions payable from day after death.. . . .	Sec.	37
Supplementary pension in cases of members of Allied Forces.. . . .	Sec.	45
Appeals, and Federal Appeal Board.. . . .	Sec.	51
Increase to \$100, final payment, Class 21.. . . .	Schedule	A

PAGE

Artificial Limbs.—Amputations Association's (Proposal 5)—That certain new improvements in orthopaedic appliances should be considered and adopted by the D.S.C.R.

Evidence relating thereto—The Carnes Arm, Starr's, the Canada Convertible Arm—Merit of Dr. Anderson's Arm—Plan to test new appliances—Discussion with Chief of Branch of D.S.C.R., and reasonable attitude taken.. . . Myers 188

Canteen Funds.—Bill 39, An Act respecting the disposal of certain Canteen Funds,—Referred to Committee.

Explains canteen funds referred to in Bill—Profits made and turned over to Receiver-General by Units which never left Canada—Suggestion as to disposal of the \$124,000.. . . . Lafèche 595

Explanation given *re* Canteen Fund Act and recommendation of Ralston Commission.. . . . Scammell 602

What is done in the province of Quebec,—Fund in Trustees' hands where it is conserved.. . . . Calder 603

Civil Service.—Proviso in Civil Service Act *re* preference.. . . . Dobbs 140

Reply to Mr. MacLaren's question *re* experience under the Act, and provision of P.C. 2944.. . . . Dobbs 144

Army and Navy Veterans' (Resolution 11)—Permanency desired *re* positions now held in D.S.C.R.—Debarred at present from benefit of Superannuation Act.. . . . Colebourne 232

Remarks thereon.. . . . Scammell 233

Civil Service Association, of Ottawa—That overseas period of service *re* civil servants who enlisted should count for superannuation purposes. Evidence thereon.. . . . Callaghan and Waugh 493

Attitude of Justice Department thereon.. . . . 500

Dr. W. A. Groves' claim of superannuation payments referred to subcommittee. (See Minutes of Proceedings, March 28th)

Legion's supplementary agenda *re* civil service preference.. . . . Herwig 605

Employment.—Excess of thirty to fifty per cent disability pensioners in British Columbia—Cannot be absorbed into the labour market—Success of self-supporting farms in the Old Country, mentioned as a suggestion for consideration.. . . . Saunders 25

Communication received *re* number of.. . . . Saunders 611

Operations of The Employment Service of Canada under The Co-ordination Act—Handicap men and Problem cases—Workmen's compensation.. . . Dobbs 138

Remarks *re* Order in Council passed in 1921—Provision made *re* Workmen's compensation did not appeal to employers, etc.. . . . Scammell 143

See also Addenda No. 1—Employment offices.. . . . Dobbs 163

Employment of Problem Cases.—Classes of problem cases described for which employment in various ways is found—List of such cases given.. . . Marsh 147

Suggestions of Canadian Pensioners' Association—Problem cases should be dealt with exclusively by a Federal Rehabilitation Board.. . . . McDonagh 199

Sheltered employment, Vetacraft work, and vocational training, discussed.. . . Marsh 149

See also Addenda No. 2—Synopsis of Activities, years 1925 to 1927, *re* registrations, placements, etc.. . . . Marsh 164

Exchange.—Legion's supplementary agenda, referring to Committee's recommendation in 1922 *re* matter of discrepancies in pay and allowance resulting from payments in depreciated currencies to members of the O.M.F.C.—Recommendation: Individual adjustment of accounts.. . . . 607

Federal Appeal Board.—Number of Members:—

Army and Navy Veterans' (Proposal 15)—To provide for a substantial increase in the number of members. Argument and evidence thereto relating.. . . Colebourne 237

Legion's (Proposal 30)—That the Board be given additional powers, etc.. . . Bowler 242

Grave Markers.—Grant suggested for all deceased ex-service men and women.. . . Myers 189

Policy of Department relating thereto.. . . . Scammell 190

	PAGE
<i>Hand-Book, Publication of.</i> —Relating to procedure on applications for pension or treatment:—	
Army and Navy's suggestion on behalf of ex-service men—That more effective action be taken to inform ex-soldiers and their dependents as to their rights and privileges <i>re</i> treatment and pension. Also recommendation of Ralston Commission referred to..	238
<i>Hospitalization and Medical Examinations.</i> —Suggestions:—	
Amputations Association (Proposal 4)—That the right to medical examination and hospitalization be extended to every man and woman who was a member of the forces as defined by the Pension Act..	186
Army and Navy Veterans' (Proposal 4)—Resolution of Edmonton Convention <i>re</i> "Dispensing with Medical Board in connection with hospitalization," and increase powers of local doctors of Department in matter of reviews, etc.	226
<i>Imperial Forces.</i> —Legion's (Proposal 39)—That the provisions of Order in Council P.C. 1653 and P.C. 1315, as amended to date, be extended to include any former member of the Imperial Forces, etc..	610
<i>Indigent and Aged Veterans.</i> — <i>Re</i> Care and Maintenance of:—	
Legion's (Proposal 36)—That provision be made by the Federal Government for the care and maintenance of all ex-service men who, by reason of chronic illness or injury or old age, through no fault of their own, become incapable of maintaining themselves. Evidence thereon..	268
Establishment of soldiers' homes suggested..	269
Suggests allowances for dependents of such class, in some form, without having recourse to charity..	270
Order in Council P.C. 1315 <i>re</i> indigent cases..	144
<i>Insurance.</i> —Suggestion that Returned Soldiers Insurance Act be extended one or two years and that maximum be raised to \$10,000.	
Recommendation and Evidence of Amputations' Ass'n..	192
Administration and operations under Act..	194
Paragraph in Resolution of National Council of Women of Canada endorsing proposal..	115
Legion's (Proposal 37)—Evidence thereon..	275
Army and Navy support Legion's proposal and also that of the Amputations' Association..	238
Insurance Division of D.S.C.R.—Evidence <i>re</i> operations and administration..	501
<i>Last Post Fund.</i> —Reference to, in evidence..	190
Resolution of appreciation, by Army and Navy Veterans..	234
<i>Old Age Pensions.</i> —Army and Navy Veterans' (Proposal 5)—That Old Age Pension Act, 1927, be amended to provide for ex-service men whereby no deduction of any pension received for war service shall be made..	227
That in the case of ex-members of His Majesty's Forces, the age limit be reduced from 70 to 65 years..	236
<i>Order in Council P.C. 580.</i> —That Clause 4 (a) of said Order in Council as amended be further amended to provide for special dependents' allowances being paid from date of admission to Hospital, and not from 15 days after admission..	102
<i>Order in Council P.C. 558.</i> — <i>Re</i> Workmen's Compensation Board:—Reference thereto in evidence..	141
Provisions of Order in Council, when first passed and benefit in view..	143
<i>Order in Council P.C. 2944.</i> —Preference to ex-service disabled men in examinations for the Civil Service; competition avoided, etc.	
Evidence <i>re</i> number of men placed in employment..	140
<i>Orthopaedic and Surgical Appliances.</i> — <i>See</i> Artificial Limbs herein.	
<i>Ouellette, Isidore.</i> —An important case of disability and appeal, referred to and considered in the course of evidence given, 292-298, 326-328, 342-345, 351, 353-356	
<i>Pay and Allowances.</i> —References thereto in the course of evidence given, 97, 102-104, 258, 262, 265-267..	567-574

	PAGE
<i>Poppies.</i> —Army and Navy Veterans' (Proposal 9)—That the D.S.C.R. place all poppies for sale with the local Units of D.S.C.R. to be sold at prices charged by Veteraft shops plus freight and handling charges. Evidence thereon..	
Colebourne	228
Memorandum <i>re</i> manufacture and sale of poppies, D.S.C.R.	Melville 229
Further evidence by Army and Navy, <i>re</i> complaints at Winnipeg..	Colebourne 231
Statement thereto relating, by the Legion.. . . .	Bowler 232
<i>Ralston (Royal) Commission.</i> —References to recommendations of the Commission, in the course of evidence given, 4, 37, 65-66, 68, 71, 87, 107, 121, 126, 132, 225, 240, 242, 258.. . . .	602
<i>Record and Evidence.</i> —Meaning of the two terms "record" and "evidence," considered.. . . .	357
<i>Red Cross.</i> —References to Canadian Red Cross Society, in the course of evidence given, 105, 128, 129.. . . .	613-4
<i>Rehabilitation.</i> —Proposal of Canadian Pensioners Association:—That a Federal Rehabilitation Board in Toronto and other large centres be established to deal with problem cases.. . . .	McDonagh 199
Remarks thereto relating by D.S.C.R..	Scammell 202
<i>Scheme for Housing Tuberculous ex-Service Men.</i> —Legion's proposal 10:—Evidence and consideration thereto relating.. . . .	Hale 121
Statement <i>re</i> difficulty of establishing condition as being related to service..	Bowler 123
Statement <i>re</i> experimental scheme at Kamloops.. . . .	Scammell 127
<i>Service.</i> —"Aggravated by, or during, Service,"—Meaning of, considered.. . . .	6
<i>Service Pensions.</i> —Supplementary agenda submitted by Canadian Legion..	Herwig 605
<i>Soldier Settlement.</i> —Legion's proposal in supplementary agenda:—That the benefits of the Revaluation Act be extended to certain classes not now eligible, etc..	Herwig 582
Evidence and consideration thereon.. . . .	Herwig 582
Evidence of Commissioner of the Soldier Settlement Board.. . . .	Ashton 589
Tabulated statements <i>re</i> Revaluations and Collections to April 12th and March 31st, 1928, respectively.. . . .	Ashton 608
<i>Soldiers' Advisers, Official.</i> —Army and Navy's Memorandum No. 13:—Inestimable benefit and assistance to ex-service men and their dependents.. . .	235
Evidence suggesting that Advisers' assistance is needed in certain centres..	Colebourne 235
Difficulties of Soldiers' advisers; remedy suggested; central bureaux..	Colebourne 541
Yearly conferences suggested, Mr. Thorson.. . . .	541
Operations of National Bureau of the Legion.. . . .	Laflèche 492
<i>Treatment, Mental Conditions.</i> —Legion's (Proposal 38)—Same rates of compensation when undergoing treatment as apply when the condition for which treatment is given is other than mental.. . . .	Barrow 610
<i>Treatment.</i> —Tuberculous Veterans' Proposal 5:—Amendment of present Regulations necessary:—	
Reimbursement of all medical expenses in those cases pointed out in suggestion.. . . .	Hale 101
Relates case referred to as "X".. . . .	Hale 118
That Clause 4 (a) of Order in Council P.C. 580 be further amended.. . . .	Hale 102
Further suggestions <i>re</i> treatment.. . . .	Hale and Gilman 104
Further consideration given to evidence of.. . . .	Hale 119
<i>Treatment, Dental.</i> —Legion's (Proposal 32):—That adequate provision be made for dental treatment of pensioners. Evidence thereto relating....	Barrow 257
<i>Treatment, Free Medical.</i> —Legion's (Proposal 35):—That free medical treatment be provided for all pensioners in classes 1 to 6 inclusive. Evidence thereto relating.. . . .	Barrow 260
Legion's (Proposal 35X):—Treatment for a pensionable disability of the sequelae of syphilis.. . . .	Barrow 262
Legion's (Proposal 33):—That any unpaid balance of treatment pay and allowances due to a deceased member of the forces shall be deemed to form part of his estate, etc. Evidence thereto relating.. . . .	Barrow 258
Remarks <i>re</i> purpose of above suggestion.. . . .	Scammell 258

	PAGE
<i>Tuberculosis Consultants, Board of.</i> —References to in the course of evidence given, 87, 101-102.. . . .	105-6
<i>Type Cases.</i> —References to certain deserving cases, illustrating decisions given under the Act in respect to claims for pension, or treatment, 5, 10, 14, 20, 34, 48, 77, 83, 88, 90, 94, 101, 112, 118, 142, 167, 171, 182-3, 192, 212, 254, 261, 423..	465
<i>Vetcraft Workshops.</i> —References to vetcraft shops in Toronto.. . . .	Marsh 154
Believes they should be enlarged, etc..	McDonagh 200
Vetcraft shops advocated for tuberculous cases, etc..	Hale 105
Letter complaining, no pay for holidays.. . . .	Clyma 612
Evidence of D.S.C.R. re organization, assistance output, articles made, sale of; pensioners who are admitted as employees, etc..	Melville 612
Statement, unemployment of men registered.. . . .	Scammell 627
<i>Victoria Cross.</i> —Veterans so decorated should receive yearly gratuity..	Lafèche 519
<i>Vocational Training.</i> —Men who have had vocational training and are making good. Evidence.. . . .	Marsh 153
Applications for vocational training—Present practice in Toronto—Remedy suggested, that all applicants for vocational training shall register at the handicap department of the Labour Bureau where full record of man will be taken, etc..	McDonagh 200
Tuberculous Veterans' (Proposal 7)—With reference to non-tuberculous chest disability cases, the D.S.C.R. be authorized to grant vocational training or establish the opportunity for sheltered employment to take care of these disabled men. Evidence thereto relating.. . . .	Hale 105
Remarks of Committee and Mr. Bowler thereon.. . . .	106
<i>Workmen's Compensation.</i> —Particular class of ex-service disabled men for whose benefit of employment Order in Council 558 was passed in 1921, and further amended in March, 1927. Evidence thereon.. . . .	Dobbs 141
Principle of the Order in Council explained.. . . .	Scammell 143
Provincial Acts discussed—Ontario, Manitoba.. . . .	142

INDEX, SPECIAL

INDEX TO EVIDENCE *RE* PROPOSALS TO AMEND THE PENSIONS ACT

	PAGE
<i>Section 2.</i> —(Interpretation)—Paragraph (a): “appearance of injury or disease” includes . . .	
Legion’s (Proposal 1)—To amend so as to combine definitions of Acts of 1919 and 1920—Has to do with pensioning of widow.	
Legion’s evidence relating thereto	9
Commission’s evidence and comments	488
<i>Section 2.</i> —Paragraph (b): “applicant” means . . .	
Legion’s (Proposal 2)—To extend definition and provide that any history of a medical nature during service or post discharge period shall constitute an application for pension.	
Legion’s evidence relating thereto	11
Commission’s evidence and comments	377
<i>Section 2.</i> —Paragraph (g): “disability” means . . .	
Commission’s evidence relating thereto	473
<i>Section 2.</i> —Paragraph (m): “pension” means . . .	
Minister’s (Proposal 1)—Insert “awarded” in 4th line after “payment” and strike out “made”.	
Commission’s evidence and comments	545
<i>Section 2.</i> —Paragraph (o): “theatre of actual war” means . . . enemy.	
Minister’s Proposal (1)—Strike out “disability” in the 4th line of (i) and substitute “contracted disease”; also strike out “wherever” in 3rd line of (ii) and substitute “any other place at which”; also strike out “disability” in 4th line of (ii) and substitute “contracted disease”.	
Commission’s evidence and comments	546
Point raised by Legion <i>re</i> wording of	547
Point raised by Committee <i>re</i> “contracted disease”.	
Commission’s further evidence	546
<i>Section 3.</i> —(Commission)—Subsection 8: The file of the member of the forces shall contain the following information:—	
Paragraph (b)—The grounds on which pension is awarded or refused.	
Paragraph (c)—In the event of the Commission not being unanimous, the grounds on which a Commissioner disagrees with the decision reached.	
Legion’s (Proposal 3)—That paragraphs (b) and (c) should contain more information relative to medical classification of the injury or disease, etc.	
Legion’s evidence relating thereto	14
No information is ever refused—No quarrel with present practice . . .	15
Commission’s evidence and comments: Information is given at present time—No objection to having request of legion made statutory . . .	380
<i>Section 11.</i> —(General)—Paragraph (a), subsection 1:—Pensions shall be awarded to or in respect of members of the forces who have suffered disability . . . and in respect of members of the forces who have died . . . military service:	
Legion’s (Proposal No. 4).—That a new subsection replace subsection 1 (a) to re-introduce provision of Act of 1919 to provide for payment of pension to dependents in all cases where death is the result of an injury or disease aggravated by or during service. Legion also submits that any service aggravation must necessarily shorten expectancy of life, etc.	4
Evidence of Legion relating thereto	4
	Barrow 9
Points arising out of evidence:—Why Act was changed—Recommendation of Ralston Commission—Insurance principle involved—Interpretation by Pension Board—Type cases given—What the widow now has to prove . .	5
Evidence of B.P.C. relating thereto, and comments	381
Points arising therefrom:—Merely deals with the question of aggravation—Practice of the Board—Type cases—Reason why original Act was changed	381
Statement read arising out of previous proceedings	473
Case brought up at pages 5 and 383, namely: where a man had excellent service, was most highly commended by his senior officers, etc., reviewed . . .	479
Discussion and further statement submitted	482

<i>Section 11.</i> —Paragraph (c).—An applicant shall not be denied pension in respect of disability resulting from injury or disease or the aggravation thereof incurred during military service or in respect of the death, etc.	
Legion's (Proposal No. 5).—That paragraph (c) be made consistent with paragraph (a) in case of acceptance of proposal respecting the latter. . . .Bowler	30
<i>Section 11.</i> —Proposed amendment respecting cases of tuberculosis:—Provisions set out at.	85
Tuberculous Veterans' Section of Canadian Legion (Proposal No. 2).—Evidence of Mr. Gilman.	85
Evidence of Mr. Bowler.	123
Re-draft of proposed amendment.	138
Evidence of B.P.C., relating thereto.	510
<i>Section 12.</i> —(General)—Paragraph (c):—that in the case of venereal disease contracted prior to enlistment . . . pensionable.	
Legion's (Proposal No. 7).—That the subsection be amended so as to provide that, where entitlement to pension has been admitted . . . shall be continued in accordance with the degree of disability present from time to time. Also that when receiving treatment he shall be as Class 1 patient on the same basis as any other pensioner.	31
Evidence of Legion relating thereto.	31
Points arising out of evidence:—Large number of cases—Man might lessen effect of treatment—Disease can be checked—Type case given—Member draws distinction as to treatment for tuberculosis which is practically incurable—Entitled to treatment at present time but not as a Class 1 patient, dependents get what is known as compassionate allowance.	33
Evidence of B.P.C., relating thereto.	385
Army and Navy (Proposal No. 3).—Delete words "at the time of discharge" and substitute therefor, "within two years from the date of discharge" in line 3 thereof. And also strike out all the words after the word "war" in the 5th line and add thereto the following: "that in the case of venereal disease contracted prior to enlistment and aggravated during service pension shall be awarded for the degree of aggravation of such condition which has become manifest within two years from the date of his discharge where the member of the forces served in an actual theatre of war." Evidence thereto relating.	
Colebourne, Bowler	220
Evidence of B.P.C., relating thereto.	512
Thompson	513
Kee	513
Point arising out of evidence—That suggestion be considered with Proposal 7 of the Legion.	513
Colebourne	
<i>Section 13.</i> —(General)—Paragraphs (a) to (e) inclusive: Time limit within which application for pension must be made.	
Legion's (Proposal No. 8).—That existing time limit shall be abolished. Argument: That pensions are a matter of right and should not be arbitrarily restricted as to the time in which application may be made—Time limit set out in paragraph (c) "within nine years," just now expiring for men who returned in 1919—At any rate time limit should be extended—Desire it extended for dependents as well as for disabled.	2-4
Bowler	
Evidence of B.P.C., relating thereto.	388
Thompson	
Points arising out of the evidence: Additional cost—Doubtful if any widow in the circumstances mentioned should be entitled to pension—Dependents of pensioners who do not reside in Canada—Cases described of dependents in Poland and Russia—One case in Western Canada.	389
Thompson	
Minister's (Proposal No. 2).—To amend Proviso (i) of section 13, by inserting after the word "were" in 1st line thereof the words "in the files of the Department": This amendment is suggested to confirm the existing and necessary practice. And also insert after the word "claimed" in 3rd line thereof, the words "there is an entry".	
Evidence of B.P.C., relating thereto.	547
Thompson	
Army and Navy's (Proposal No. 4).—To amend Proviso (i) by adding thereto the following: "Where the Federal Appeal Board have found that the injury or disease was incurred on service, it shall be considered that application for pension was duly made for such injury or disease on service. . . .	221
Colebourne	
Evidence of B.P.C., relating thereto.	513
Thompson	
Point arising out of evidence—Practice of the Board submitted to Department of Justice for ruling.	514
Thompson	

	PAGE
<i>Section 14.</i> —(Part General)—Pensions to be awarded according to rank or acting rank at time of appearance of disability.	
Legion's (Proposal No. 29x)—That, in the case of the man who was promoted after receiving an injury or disease, pension shall be awarded him according to the rank he held when demobilized or the rank he held when wounded, whichever is the higher.	
Evidence of Legion relating thereto.. . . .	Barrow 251
Points arising out of the evidence: Present situation amounts almost to discrimination—Pension of men who reverted to a lower rank in order to go to France and were wounded or disabled as at such rank to which they reverted—Pension awarded in the case of a private who was wounded as such, is subsequently made an officer, but receives pension according to the rank he held at the time he was wounded, seems unfair—The Captain Marsden case—Proposed amendment read in the record would fairly well cover the point except that subsection 2 would require a slight amendment.. . .	Barrow 252
Evidence of B.P.C., relating thereto.. . . .	Thompson 464
Points arising out of the evidence: Class of men who would be particularly affected by proposed amendment—Those who are protected under present provisions—Type case of man who is pensioned as Lieutenant although he reverted from rank of Major—No pension for "flu" unless it creates a pensionable disability—Case when an Acting Major or Acting Captain would be pensioned at the higher rank.. . . .	464
<i>Section 16.</i> —(Part. General)—Commission orders that pension be paid to another person if pensioner is incapable of expending pension in proper manner or is not maintaining members of his family.	
Minister's (Proposal No. 3)—That section be repealed and the following be substituted therefor:—	
"16. When a pensioner <i>appears to be</i> incapable of expending or is not expending the pension in a proper manner or is not maintaining the members of his family to whom he owes the duty of maintenance, the Commission may <i>direct</i> that the pension be <i>administered</i> for the benefit of the pensioner and/or the members of his family <i>by the</i> Department or by some person selected by the Commission.	
Argument for amendment: The amendment is intended to give statutory effect to the practice adopted in numerous cases that pension may be administered by the Department.	
Evidence of B.P.C., relating thereto.. . . .	Thompson 548
Questions asked on point arising out of evidence.. . . .	Barrow 548
<i>Section 18.</i> —(General)—Assignment of right of action for damages as a condition to make pension payable under the Act.	
Minister's (Proposal No. 4)—That section be repealed and the following substituted therefor:—	
"18. When a member of the Forces becomes entitled to an increase in pension by reason of any injury or disease in respect of which he recovers any damages or receives any compensation, no payments shall be made on account of such pension or increase in pension until there has been withheld an amount equal to the damages or compensation so recovered or received by the pensioner."	
Argument.—The present section is of doubtful validity and appears to go further than is necessary. The cases in which the principle should apply are covered by the proposed provision.	
Evidence of B.P.C., relating thereto.. . . .	Thompson 549
Points arising out of the consideration given to Evidence of B.P.C.:—Legion desire that the amendment be modified to permit a continuance of the previous pension and hold the increased payments in abeyance until the compensation has been used up.. . . .	Barrow 550
The words "or disease" after the word "injury" should be added in second line.. . . .	Thompson 550
The words "pension or" in the fourth line should come out.. . . .	Scammell 550
Point raised by Legion further considered, and points relating to Workmen's Compensation Board—Industrial accidents—Only case where His Majesty can collect at present time—Type cases.. . . .	551

Section 20.—(General)—Subsections (4), (5) and (6); Disposal of unpaid balances of pension due to a deceased pensioner.

Legion's (Proposal No. 9).—That Statute be repealed and new subsections be substituted to provide, that any unpaid balance of pension due to a deceased pensioner shall be deemed to form part of his estate, when the deceased leaves a Will, or that in the event of the deceased leaving no Will, the Commission shall . . . dependent relative.

Argument: Frequently it happens that the right to pension is not conceded until just prior to the death of the pensioner and, consequently is denied the use of the money to which he was rightly entitled . . . due to them.

Evidence of Legion relating thereto. Bowler 80-82

Point raised out of the evidence:—A dangerous change is suggested because of the law of the Province which might say that this money will go to creditors—Each province has its own law in such matter—Case in Winnipeg given of two sisters who did not benefit. Bowler

81-82

Evidence of B.P.C. thereto relating. Thompson 393

Minister's (Proposal No. 5).—That subsections 4 and 5 of section 20 be repealed and the following substituted therefor:—

"(4) Any balance of pension due to a deceased pensioner at the time of his death, whether unpaid or held in trust by the Department, shall not form part of the estate of such deceased pensioner.

(5) The Commission may direct the payment of such balance either to the pensioner's widow and/or his child or children or to any person who has maintained him or been maintained by him or may direct that it be paid in whole or in part towards the expenses of the pensioner's last illness and burial."

Evidence of B.P.C. relating thereto. Thompson 394

Section 21.—(General)—Compassionate pension or allowance to any member of the Forces or any dependent of a deceased member of the Forces whose case in the opinion of a majority of the members of the Commission and a majority of the members of the Federal Appeal Board, appears to be specially meritorious, etc.

Minister's (Proposal No. 6).—When a member of the force dies, suffers injury or contracts disease from causes such that no right to pension under this Act arises, but a specially meritorious claim for compassionate pension or allowances is based upon such death, injury or disease, such claim may be referred for consideration to a special tribunal consisting of two members of the Commission, two members of the Board and the Deputy Minister of the Department or his representative, who shall be Chairman thereof.

(2) Such tribunal shall have power to recommend, etc.

Legion's remarks regarding Minister's proposal, also regarding suggestion that the Commission and the Board sit jointly to consider cases under section 21. 50

Tuberculous Veterans' (Proposal No. 1).—That section 21 be amended so as to provide for an award of pension in any case within the provisions of the Pension Act, but where the evidence has not been found sufficiently convincing for an award as of right. Hale 83

Points arising out of the evidence:—Witness Hale is agreeable to first portion of Minister's proposal—Such cases should, however, be considered by the Commission with right of appeal to the Federal Appeal Board. Col. Laflèche stated that Legion would prefer that meritorious cases be heard by the Commission with a right of appeal, rather than the creation of a new third body—Experience in the past very disappointing. 83

Army and Navy Veterans' Proposal.—"Any member of the Forces or any dependent of a member of the Forces, or any dependent of a deceased member of the Forces, whose case in the opinion of a majority of the members of the Board of Pension Commissioners for Canada and the members of the Federal Appeal Board, sitting and acting jointly, appears to be specially meritorious, may be made the subject of an investigation and adjudication by way of compassionate pension or allowance, with the assent of the Governor in Council." Colebourne 225

Further consideration and remark by Legion. Bowler 226

Evidence of F.A.B. relating to the three suggestions. Belton 372

	PAGE
<i>Section 21.—Con.</i>	
Evidence of B.P.C., and cases considered under section 21 by the Commission and the Board.. . . .	Thompson 521
Further consideration given section 21.. . . .	Barrow, Thompson 558
Statement <i>re</i> two features to consider in respect to cases appealed under section (Meritorious) 21.. . . .	Thompson 579
<i>Section 22.—(Children)—Subsection 1: No pension to children over age limit, except when such child and those responsible for its maintenance are without resources and—</i>	
Legion's (Proposal 10)—That ss. 1 be amended to extend benefit of exception where resources are not adequate.	
Argument: It is felt that the present statute does not allow sufficient scope for the application of the discretionary powers of the Commission.	
Legion's evidence relating thereto.. . . .	Barrow 35
Consideration is given to word "adequate".. . . .	36
Minister's (Proposal 7)—Insert word "adequate" in 4th line after word "without."	
Commission's evidence, objection raised to word "adequate".. . .	Thompson 398
<i>Section 22.—Paragraph (a) of ss. 1: Physical or mental infirmity—Orphan's rates.</i>	
Legion's (Proposal 11)—That subsection (a) be amended by deleting provision <i>re</i> no pension to be awarded unless such infirmity occurred before the child attained the age of twenty-one years.	
Argument: Amendment would remove the arbitrary restriction which curtails the discretionary powers of the Commissioners. Delete 21 years' limitation.	
Legion's evidence relating thereto.. . . .	Barrow 36
Commission's evidence thereto relating.. . . .	Thompson 401
Minister's (Proposal 7)—Insert word "reasonable" before word "livelihood" in 5th line of (a).	
<i>Section 22.—Paragraph (b): Child taking course of instruction, <i>re</i> satisfactory progress made, etc.</i>	
Legion's (Proposal 12)—That subsection (b) be amended to provide continuance of pension until completion of recognized course of instruction or until child has attained age of 21 years, whichever is the earlier, upon production of certificate from Department of Education and certificate from duly qualified Minister, etc.	
Evidence of Legion thereto relating.. . . .	Barrow, Bowler 37
Commission's evidence thereto relating.. . . .	Thompson 402
Minister's (Proposal 7)—After the word "case" in line 3 of (b) insert "provided there is furnished to the Commission,—i. a certificate from the Department of Education, etc.; ii. a certificate from a duly qualified medical practitioner, etc.; iii. a certificate of good character, etc"	
Commission's further evidence, and suggestion that the pension be extended automatically to 21 years of age, with reference to both proposals of Legion's and Minister's.. . . .	Thompson 404
Children receiving pensions, considered.. . . .	Thompson 409
Cases where children are helped for University.. . . .	410
<i>Section 22.—(Children)—Subsection 5: Pension paid to parents or guardian or to a person appointed by the Commission.</i>	
Minister's (Proposal 8)—The Commission may direct that the pension for a child may be paid to its mother or father or to its guardian or to any person approved by the Commission or may direct that such pension be administered by the Department.	
Argument: This amendment would give statutory effect to present procedure	
Commission's evidence relating thereto.. . . .	Thompson 560
<i>Section 22.—Subsection 7: Pension to children of a pensioner who was pensioned in any of classes 1 to 5 in Schedule A and who has died, shall be entitled to a pension as if he had died on service, provided the death occurs within ten years after date of retirement or discharge or date of commencement of pension.</i>	
Legion's (Proposal 13)—That time limitation be deleted.	
Minister's (Proposal 9)—Contains time limitation of ten years <i>re</i> death, and also contains provision of section 29 for pay and allowances during time of treatment in hospital.	
Minister's Argument—To remove an injustice.	

Section 22.—Con.

PAGE

Legion's evidence thereto relating.. . . .	Bowler	43
Commission's evidence relating thereto.. . . .	Thompson	410
Commission's further evidence.. . . .	Thompson	560
Legion's further evidence.. . . .	Barrow	561

Section 22.—Subsection 9: Pension continued for minor children on death of wife.

Minister's (Proposal 10)—Insert in line 4 thereof after the word "there", "is a minor child or".

Argument: Amendment makes it clear that the subsection will apply when there is only one child.

Commission's evidence relating thereto.. . . .	Thompson	561
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Section 22.—New subsection (Proposal 14 of Legion)—

That, on the death of the widow of a member of the Forces, the pension for the widow may, in the discretion of the Commission, be continued for so long as there is a minor child of pensionable age, to a daughter or other person competent to assume, and who does assume, the household duties and care of the child.

Evidence of Legion relating.. . . .	Barrow	46
Commission's evidence and comments relating.. . . .	Thompson	412

Section 24.—(Disabilities)—Subsection 3: Pensions for pulmonary tuberculosis.

Tuberculous Veterans' (Proposal 3)—In paragraph (b) ss. 3, substitute after the word "months" 12th line, the following: "and that the provisions of paragraph (b) of this subsection shall apply when tuberculosis was not definitely diagnosed within ninety days after enlistment, when the man saw ninety days' continuous service."

Argument—Grave suspicion that military life was the direct cause of the appearance of the disease when appearance of tuberculosis was not diagnosed within ninety days after enlistment.

Legion's evidence thereto relating.. . . .	Gilman	96
Point raised.—What is best to be done in order to give effect to suggestion.		
Commission's evidence relating thereto.. . . .	Thompson	490
Suggestion by Committee,—that proviso be struck out.		

Section 25.—(Disabilities)—Subsections 1 and 2: Pensions for disability, Temporary and Permanent.

Minister's (Proposal 11)—Repeals said subsections and substitutes—"25. The amount of any pension shall be subject to review, etc.

(a) when the Commission, at the time, etc.

(b) The Commission is of opinion, etc.

(c) when the pensioner has undergone treatment, etc."

Commission's evidence relating thereto.. . . .	Thompson	562
Point raised in discussion is as to frequency of examinations for decrease of pension—Suggestion that provision be recast.		

Section 25.—Subsection 3: Expenses paid when attending for medical examination; refusal to attend; Pension suspended.

Legion's (Proposal 15)—Amendment to provide that refusal or neglect to report by a pensioner suffering with mental disability shall not necessarily be deemed to be unreasonable.

Evidence relating.. . . .	Barrow	49
Commission's evidence thereto, relating.. . . .	Thompson	415

Section 25.—Subsections 4, 5, 6, 7, 8: *Re* Commutation of pension or final payment in cases of disability between 5 and 9, and 10 and 14 per cent.

Legion's (Proposal 16)—To provide for re-examination upon complaint.

Evidence relating.. . . .	Bowler	52
Commission's evidence thereto relating.. . . .	Thompson	421

Section 25.—Subsection 7: Army and Navy's (Proposal 2)—That all the words after the word "secured" in subsection 3 (a) of section 6, chapter 49 of 1925, be struck out means that subsection 7 of the present Act, 1927, be deleted.

Evidence of Army and Navy Veterans, relating.. . . .	Colebourne	220
Commission's evidence thereto relating.. . . .	Thompson	511

Section 26.—(Disabilities)—Subsection 1: Extra allowance for total disability, etc.

Legion's (Proposal 17)—That subsection 1 be amended to provide that a pensioner, totally disabled, whether entitled to a pension of class one or a lower class and not in hospital, etc., be entitled to an addition to his pension, subject to review from time to time, etc.

	PAGE
<i>Section 26.—Con.</i>	
Legion's evidence thereto relating..	Bowler 57
Commission's evidence, relating..	Thompson, Kee 423
Tuberculous Veterans' (Proposal 4)—Contains same suggestion as the Legion's.	
Evidence of, relating thereto..	Hale 100
Words "and helpless" to be struck out..	101
<i>Section 26.—Subsection 4: Wear and tear from use of appliances.</i>	
Minister's (Proposal 12)—Repeal subsection 4 and substitute the following therefor: "4. A member of the Forces in receipt of pension for any other disability for the relief of which any appliance must be worn or treatment applied which causes wear and tear of clothing may, in the discretion of the Commission, be granted an allowance in respect of such wear and tear not exceeding fifty-four dollars per annum."	
Commission's evidence thereto relating..	Thompson 567
<i>Section 27.—(Disabilities Part)—Paragraph (a): in the case of a member of the forces passed immediately . . . is completed.</i>	
Amputations' (Proposal No. 1)—That all pension increases granted to amputation cases under revision of disability ratings should be made retroactive to the date of discharge of the pensioner and not from the date of the decision of the Board of Pension Commissioners to adjust.	
Evidence thereto relating..	Myers 166
Evidence of B.P.C., relating thereto..	Thompson 543
<i>Section 27.—Paragraph (b): Time from which payment of pension for disability shall commence.</i>	
Legion's (Proposal No. 19)—That subsection (b) of section 27 be deleted and provision for payment of pension made in accordance with the extent of the disability shown to have existed during the post discharge period.. . . .	17
Evidence of Legion thereto relating..	Bowler 17-24, 27
Points arising out of the evidence: An expensive proposal—Man who served in France at a disadvantage—Cases which proposal should cover.. . . .	
	Bowler, Barrow 18
Continuation of evidence..	Bowler, Barrow 27
Evidence of B.P.C. relating thereto..	Kee 428
Points arising out of evidence: Number of cases that would be affected by suggestion—Cases found that were attributable to service but man was declared fit on discharge—Suggestions sought that will overcome the imperfections of the Act..	Kee, Thompson 432
<i>Section 28.—Subsection 1 and 4: Refusing to undergo medical or surgical treatment.</i>	
Legion's (Proposals 15, 20)—Amendment suggested to provide that refusal of treatment by a pensioner suffering with a mental or neurological condition shall not necessarily be deemed to be unreasonable.	
Legion's evidence thereto—Type case given..	Barrow 48
Commission's evidence and comments..	Thompson 417
<i>Section 29.—Differences between pay and allowances and pension to be applied for hospital maintenance.</i>	
Minister's (Proposal 13)—Repeal section and substitute therefor—	
"29 (1)—To provide for suspension of payment of pension while pensioner is in receipt of pay and allowances from the Department while under treatment, etc., and (2) When pensioner is an in-patient undergoing treatment but is not in receipt of pay and allowances, his pension, if in excess of the amount he would have been entitled to receive by way of pay and allowances, shall be reduced to such amount, etc.	
Argument: Proposed amendment will cover two matters; firstly, Departmental procedure in connection with pay and allowances; secondly, to ensure that immediately treatment is completed pension shall automatically recommence.	
Commission's evidence thereto relating..	Thompson 567
Explanation <i>re</i> treatment allowance, same..	Scammell 569
Legion opposed to loss of allowances..	Barrow 570
<i>Section 29A.—New section: (Minister's Proposal 14)—</i>	
(1) In respect to pension retroactively awarded the amount thereof which becomes retrospectively payable shall be paid or applied by the Department, etc., and (2) In respect to pension which is retrospectively increased the same rule shall apply, etc.	
Argument: Under the law as it stands, it has been considered that the pension accruing under a retrospective award, so far as it concerns the interval between the date of the award and the earlier date in respect of which it is effective, is not applicable in the same way as if the award had been made on the latter date.	

Section 29A.—Con.

Commission's evidence thereto relating.. . . .	Thompson	570
Objection raised to expression retrospective—Further objection raised— Explanation follows.. . . .	Scammell	572
Point raised by Legion <i>re</i> pension being a man's own property, etc....	Barrow	573
Further remarks thereto relating.. . . .	Scammell, Thompson	573

Section 29B.—New Section: Minister's (Proposal 15)—

In respect to, a pensioner becoming an inmate of an institution as an indigent, the Commission may direct that the whole or any portion of his pension be paid to his dependents and any part of the pension not so paid may be applied by the Department towards the pensioner's maintenance, clothing and comforts.

Argument: This addition to the Act would give statutory authority to the Orders in Council under which the Department is giving care and maintenance to indigent pensioners who require the same other than by reason of their war service.

Commission's evidence relating thereto.. . . .	Thompson	575
Further explanation given <i>re</i> section.. . . .	Scammell	575
Remark made by the Chairman, and discussion <i>re</i> propriety of this provision to be inserted in the Act.. . . .		575

Section 30.—Subsection 3: Annual allowance for maintenance of parents.

Minister's (Proposal 16)—Repeal and substitute therefor—

"3. When a pensioner previous to his enlistment or during his service was maintaining or was substantially assisting in maintaining one or both of his parents or any person in the place of a parent, an amount not exceeding one hundred and eighty dollars per annum may be paid direct, etc.

Argument: The proposed amendment is indicated by the words underlined. If a member of the forces has died and his dependents are pensionable a foster parent may be awarded a pension. It is considered that the same provision should apply in the case of a disability pensioner.

Commission's evidence, stating that it is a proper amendment and supplies an omission.. . . .	Thompson	576
Reference thereto by Legion.. . . .	Bowler	64

Section 30.—New subsection 4 to be added: Minister's (Proposal 17)—

"4. When a parent or person in place of a parent *who was not wholly or to a substantial extent maintained by a pensioner previous to his enlistment or during his service by reason of the fact that such parent or person was not then in a dependent condition, subsequently falls into a dependent condition and is maintained, etc.*

Commission's evidence relating thereto.. . . .	Thompson	576
Wording of subsection is adversely criticized—redrafting suggested—Leave out underlined part of above.. . . .		576

Section 31.—Sickness and burial expense not to exceed one hundred dollars.

Legion's (Proposal 21),—Amend by deleting words "one hundred dollars" and substituting therefor the words, "one hundred and fifty dollars."

Argument: This would increase the maximum expenditure by the Commission in payment of the expenses of the last sickness and burial of deceased pensioner whose estate was insufficient for the purpose. Evidence of Legion relating.. . . .

Commission's evidence relating thereto.. . . .	Thompson	449
Point raised as to wording <i>re</i> "Commission may pay" and suggestion to change same to read "recommend the payment of".. . . .	Barrow	60

Section 32.—Subsection 1: No pension to widow unless married before disability, or living with or maintained by pensioner.

Legion's (Proposal 22),—Amend subsection 1 by inserting after the word "death" in 4th line thereof, the words, "or before the first day of September, nineteen hundred and twenty-one," (the official date of the Declaration of Peace).

Evidence of Legion relating thereto.. . . .	Barlow, Bowler	65
Points arising out of evidence—Recommendation of Ralston Commission— Bills passed by House but rejected by Senate—Classes in which majority of widows appear to be affected—Not inclined to be contentious about time limit—suggestion that 22 be re-drafted.. . . .		66

<i>Section 32.—Con.</i>	PAGE
Proposal of National Council of Women, <i>re</i> same amendment suggested Mrs. Wilson	72
Proposal of Legion further considered—The United States law in respect to widow in this connection—Amendment suggested by B.P.C. in 1921 recognizing same principle now advocated.. . . . Bowler	74
Commission's evidence relating thereto—Number of deaths about 600 con- sidered under this section <i>re</i> pension to widow.. . . . Thompson	449
Army and Navy Veterans' (Proposal 5)—Amend subsection 1 by adding thereto the following: "provided that no widow shall be refused pension where it can be shown that there was a contract or an intention to marry before the appearance of the injury or disease, and that there is no reasonable presumption that she should have known that his injury or disease was of a serious nature," etc. Evidence thereto relating.. . . . Colebourne	221
Remark made thereto—that Legion's proposal 22 covers this provision.. . .	221
<i>Section 32.—Subsection 2: Widow of pensioner classes 1 to 5 inclusive. (Pension for Deaths)—</i>	
Minister's (Proposal 18)—Repeal subsection 2 and substitute therefor the following: "2. Subject to subsection one of this section, the widow of a pensioner who has died and who at the date of his death was in receipt of a pension in any of classes one to five mentioned in Schedule A of this Act, or, etc. . . provided that the death occurs within ten years after the date of retirement or discharge or the date of commencement of pension."	
Argument: The reason for this amendment is the same as that given regarding children in Proposal 9, namely, that the amendment is intended to avoid an injustice. It follows that if approval is given to proposal 9, this amend- ment which applies to widows must also be given.	
Commission's evidence thereto relating.. . . . Thompson	577
Legion's (Proposal 23)—That subsection 2 of section 32 be amended by the deletion of the time limitation.	
Argument: The pensioner was disabled to such a degree that he was, himself, unable to make provision for the maintenance of his widow after his death.	
Commission's evidence thereto relating—Number of pensioners affected 5,448 in classes one to five—The Insurance statute was passed to relieve such situation—Insurance clause expired in 1923.. . . . Thompson	450
Amputations Association's (Proposal 2)—Submit that widows and children of pensioners whose marriage took place either prior or subsequent to the appearance of a disability should receive pension provided that such pensions should not be given to widows and children of pensioners whose marriage takes place after March 1st, 1928, or as further outlined in our argument. Evidence thereto.. . . . Myers	173
Commission's reference to this suggestion.. . . . Thompson	545
<i>Section 32.—Subsection 3: Pension to unmarried wife at discretion of Commission.</i>	
Legion's (Proposal 24)—Amend this subsection to provide entitlement to pension of a widow of a member of the forces who, previous to her marriage, was living with him under conditions which brought her within the purview of section 32, subsection (3); and to give her the pensionable status of a legal wife as at the date of the man's enlistment. Evidence of Legion relating thereto.. . . . Barrow	60
Commission's evidence thereto relating.. . . . Thompson	451
<i>Section 32.—Subsection 3 (a)—(New): Right to pension of woman who, after living with a member of the forces as an unmarried wife, subsequently marries pensioner.</i>	
Minister's (Proposal 19)—Amend Act by adding thereto the following as sub- section 3A of section 32: "(3) (a) No rights or privileges to which a woman may become or be entitled under this Act by reason of her living or having lived with any member of the forces as his wife shall be, or be deemed to have been, affected or lost by reason only of her marriage with such member of the forces."	
Argument: Provision suggested to remove anomaly of prevention of marriage because existing rights under the Act would be forfeited if these steps were taken.	
Commission's evidence thereto relating.. . . . Thompson	451

Section 32.—Subsection 5: Power to refuse pension to widow separated prior to enlistment and not assigned pay.

Army and Navy Veterans' (Proposal 7)—That subsection 5 be amended by adding thereto the following: "Provided always that a pension shall not be withheld from a widow when her husband has left her without cause in a dependent condition either before or after his military service and whether or not an action for a divorce, legal separation, or alimony or alimentary allowance has been taken."

Evidence of Army and Navy Veterans relating to same.Colebourne 223
Commission's evidence thereto relating.Thompson 520
Remark—The whole suggestion is obscure. 521

Section 33.—Subsection 3: Pension to parent or person in the place of a parent, becoming mentally or physically incapacitated.

Legion's (Proposal 25)—That, in the matter of an application under section 33, subsection 3, by a parent or person in the place of a parent, there shall be a conclusive presumption that the deceased member of the forces would have contributed wholly or to a substantial extent towards the maintenance of such parent or person had he not died.

Legion's evidence thereto relating.Barrow 60
Commission's evidence and comments.Thompson 452

Minister's (Proposal 20)—Repeal subsection 3 of section 33 and substitute the following therefor: "(3) When an application for pension is made by a parent or person in the place of a parent who was not wholly or to a substantial extent maintained by a member of the forces at the time of his death but has subsequently fallen into a dependent condition, such application may be granted if the applicant is incapacitated by physical or mental infirmity from earning a livelihood and unless the Commission is of opinion that the applicant would not have been wholly or to a substantial extent maintained by such member of the forces if he had not died."

Argument: The effect of the amendment is to transfer the onus. Under the present provision the applicant must adduce evidence leading to an inference.
Commission's evidence thereto relating.Thompson 453

Section 33.—Subsection 6: Each unmarried son assumed to be supporting parents.

Legion's (Proposal 26)—Amend this subsection to provide that no deduction shall be made from the pension of a parent in respect of contributions by an unmarried child in case of bona fide unemployment of the child, or where the child is continuing a course of instruction.

Evidence of Legion thereto relating.Bowler 62
Commission's evidence and comments.Thompson 457

Section 33.—Subsection 7: Pension to widowed mother not reduced on account of small income.

Legion's (Proposal 27)—Amend by deleting the words, "in Canada" and substituting therefor the words, "within the British Empire."

Evidence of Legion relating thereto.Barrow 75
Commission's evidence and comments.Thompson 457

Section 34.—Subsection 3: Age limits in respect of brother or sister who receives pension.

Legion's (Proposal 28)—That this subsection be modified by deletion of the age limit as at present defined; and, further, that provision be made for the award of pension, in the discretion of the Commission, to a dependent brother or sister of a member of the forces who has died without proof that the brother or sister was wholly or to a substantial extent maintained by him at the time of his death.

Legion's evidence relating thereto—Aim is to extend prospective dependency to a brother or sister—Few cases known—One known case (Winnipeg-Ottawa girl) particularly distressing.Barrow 77
Further information given and considered. 112
Commission's evidence and comments relating.Thompson 458

Section 37.—Paragraph (a): Death pensions payable from day after death; exception,—where parents not wholly or substantially dependent, date to be fixed.

Legion's (Proposal 29).—That paragraph (a) of section 37 be amended as follows: after the words "to a parent" in line 2, insert "or a brother or a sister".

Section 37.—Con.

PAGE

Argument: This proposal is consequent upon acceptance of proposal 28.

Commission's evidence relating thereto, comment... ..Thompson 462

Minister's (Proposal 21)—That paragraph (a) of section 37 be repealed, and the following substituted therefor: (a) in the case in which a pension is awarded to a parent or person in place of a parent who was not wholly or to a substantial extent maintained by the member of the Forces at the time of his death, in which case the pension shall be paid from a day to be fixed in each case by the Commission.

Argument: The addition of the words "or person in place of a parent" is necessary to bring this section into harmony with other sections of the Act.

Commission's evidence and comment thereto relating—Have always taken a foster parent as a parent, within the meaning of the statute... ..Thompson 578

Section 45.—(Members of Allied Forces)—Supplementary pension on disability of members of His Majesty's forces other than those of Canada, to effect equalization.

Army and Navy Veterans' (Proposal 6)—Amend by striking out the word "and" in line 2 and substitute therefor the word "or", and by adding at the end of the section the following: "all privileges and advantages accruing to a Canadian pensioner, shall accrue to and be given to pre-war resident pensioners who served and were disabled in any of the Allied Forces."

Evidence of Army and Navy Veterans thereto relating, and type case given as to residence, its meaning as construed in the case of a man who was temporarily absent from Canada... ..Colebourne 221

Evidence of Legion relating thereto... ..Barrow 222

Agreement between D.S.C.R. and Ministry of Pensions referred to...Scammell 223

Commission's evidence and comments thereto relating—Points in discussion. Thompson 514

Section 51.—(Appeals)—Subsection 1: An appeal shall lie when pension is refused by Commission on the ground that the injury or disease or aggravation resulting in disability or death was not attributable to or was not incurred during military service.

Army and Navy Veterans' (Proposal 1)—Amend by deleting "Upon the evidence and record upon which the Commission gave its decision", 1st and 2nd lines, and add at the end of said subsection the following: The said appeal shall lie to the Federal Appeal Board in respect to any matter or decision wherein entitlement has not been conceded by the Board of Pension Commissioners and it shall be within the power of the Federal Appeal Board to reclassify, change, alter or otherwise modify the medical classification of the injury or disease causing the disability in respect of which the appeal is made. The appeal to the Federal Appeal Board shall be by way of re-hearing and not by way of appeal.

Evidence of Army and Navy Veterans thereto relating, and points raised from evidence considered... ..Colebourne 212

Remarks made thereon by Legion... ..Bowler 215

Attention called to Minister's proposed amendments re Every decision of the Board allowing an appeal shall be final unless—(set out in paragraphs 6 (a) and (b) in proposal 22... ..Scammell 215

Legion's (Proposal 30)—To extend jurisdiction to sections 12, 32, 33, 34 and 39.

Evidence thereon... ..Bowler 242

Commission's evidence and comments, thereon... ..Thompson 466

Section 51.—Subsection 1: Army and Navy Veterans' (Proposal 8)—Add paragraph (a) to subsection 1 of section 51, as follows:

"An appeal shall lie in respect to any decision by the Board of Pension Commissioners in refusing pension on the grounds that the injury or disease complained of is negligible or that the service aggravation of the injury or disease is negligible or has ceased"; and paragraph (b), as follows: "The Federal Appeal Board shall be empowered to sit as an Assessment Appeal Board in so far as any refusal to pension is given by the Board of Pension Commissioners in such cases."

Evidence thereon by Army and Navy Veterans... ..Colebourne 224

Legion's evidence thereon and recommendation as to appeals on the assessment to be considered by the Federal Appeal Board in decision given... ..Bowler 224

Witness Colebourne's statement that above proposal will be covered by Legion's proposal 30... .. 224

Commission's evidence relating thereto... ..Thompson 466

<i>Section 51.</i> —Subsection 4: Time allowed for appeals.	PAGE
Legion's (Proposal 31)—Amend subsection 4 by providing that, in special circumstances a delayed application shall be deemed acceptable by the Federal Appeal Board.	
Argument: Cases have arisen where notice of appeal has been given to soldiers' advisers or other persons, but under circumstances beyond the control of the appellant has not been transmitted to the Federal Appeal Board within the statutory limitations. Evidence of Legion thereto relating.Bowler	256
Commission's evidence and comment <i>re</i> effect of amendment as to time limit.Thompson	468
<i>Section 51.</i> —Subsections 2 to 8 inclusive to be repealed, in respect to—	
(2) Right of every member of Board to hear appeals.	
(3) Notice of decision to applicant by registered letter within five days after decision.	
(4) Time allowed for appeals.	
(5) One appeal only.	
(6) Decision of F.A.B. shall be final, provided: Reconsideration and appeal upon newly discovered evidence.	
(7) Right of attendance at appeals by applicant and Commissioners or representative.	
(8) Signatures to judgments of F.A.B., and information to be contained therein.	
Minister's (Proposal 22)—That subsections 2 to 8 inclusive be repealed and proposed amendments 2 to 6 (a) and (b) as set out in memorandum be substituted therefor.Thompson	469
Argument: Purpose is to eliminate the unnecessary provisions for hearings before single members of the Board, and to clarify the practice.	
<i>Section 51.</i> —Minister's (Proposal 22), continued—	
Proposed provisions as suggested by the Minister may be summarized as follows:—	
<i>Subsection 2.</i> —Any person desiring to appeal may do so by notice in writing delivered to the Department or to the Board on or before the 31st December, 1928, or within two years from the date of the decision complained of.	
<i>Subsection 3.</i> —An applicant may be allowed the expenses incurred by him in attending at the hearing of any appeal. Applicant and Commission entitled to appear by counsel or other representative. No allowance for payment of any fee or remuneration to counsel or representative other than official Soldiers' Adviser. Regulations as to expenses in accordance with those of Governor in Council.	
<i>Subsection 4.</i> —Judgment rendered by the Board shall be signed by Chairman or presiding member and by Secretary, and show members of the Board hearing the appeal, also the medical classification of injury or disease, etc.	
<i>Subsection 5.</i> —No decision of Board dismissing an appeal shall be open to reconsideration or review unless before the 31st December, 1928, or within one year from date of decision, the applicant submits newly discovered evidence which raises a reasonable doubt as to correctness of decision; the Commission shall then reconsider case subject to second appeal to Board, whose decision on such appeal shall be final.	
<i>Subsection 6.</i> —Every decision of Board allowing an appeal shall be final unless: (a) the medical classification of injury or disease upon which allowance was based is different from that upon which Commission based its decision, and (b) the Commission, within 3 months after the coming into force of this section or within 3 months after the decision of the Board, returns the case for further consideration by the latter, with such representations as the Commission may consider material, and if on such further consideration, the Board affirms its former decision, the same shall be accepted and acted upon by the Commission.	
Commission's evidence and comments thereon.Thompson	579
See also evidence <i>re</i> section 51, ss. 6 of above proposal given by officers of Board and Commission.	366
See also evidence given <i>re</i> the Isidore Ouellette case.	292
*See also evidence of Dr. Kee and Mr. Scammell <i>re</i> section 51 reference to subsection 6 (b).	346
<i>Schedule A of the Act.</i> — <i>Re</i> Class 21—Disabilities below 5 per cent all ranks—A final payment not exceeding \$100.	
Argument: This provision was inadvertently omitted when the Schedule was re-enacted in 1925.	
See Minister's (Proposal 23) in respect to said proposed amendment.	
Commission's evidence relating thereto.Thompson	579

HOUSE OF COMMONS

SELECT STANDING COMMITTEE

ON

BANKING AND COMMERCE

Consideration of Improvement of the
Banking System of Canada

SESSION 1928

PROCEEDINGS AND EVIDENCE

Printed by Order of Parliament



OTTAWA
F. A. ACLAND
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1928

TABLE OF CONTENTS

	PAGE
Members of the Committee.....	iv
Order of Reference.....	v
Reports of the Committee.....	vi
Motion to print as appendix and in blue book form.....	viii
Minutes of Proceedings.....	ix
Minutes of Evidence.....	1
Index of Evidence.....	120

MEMBERS OF THE COMMITTEE

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and

Messieurs

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Irvine, W.,	Young, E. J. (Weyburn).
Jacobs, S. W.,	

J. T. DUN,
Clerk of the Committee.

ORDER OF REFERENCE

(With respect only to consideration of improvement of the banking system of Canada)

HOUSE OF COMMONS,

MONDAY, 13th February, 1928.

Resolved,—That the following members do compose the Select Standing Committee on Banking and Commerce:—

Messieurs: Allan, Bennett, Benoit, Bird, Black, (*Halifax*), Bock, Bothwell, Brown, Casgrain, Casselman, Cayley, Chaplin, Clark, Donnelly, Drayton, (Sir Henry), Ernst, Fafard, Geary, Gervais, Guérin, Hanson, Harris, Hay, Hepburn, Irvine, Jacobs, Ladner, Lang, McLean (*Melfort*), McMillan, McPhee, McRae, Matthews, Odette, Perley (Sir George), Robb, Robinson, Robitaille, Ross (*Moose Jaw*), Rutherford, Ryckman, Smith (*Stormont*), Smoke, Spencer, Steedsman, Stevens, Vallance, Ward, Woodsworth, Young (*Weyburn*).—50.

(Quorum 15.)

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

Ordered,—That the Select Standing Committee on Banking and Commerce be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

MONDAY, 13th February, 1928.

Resolved,—That, in the opinion of this House, the time has come for the consideration of the improvement of our banking system and that the Banking and Commerce Committee be instructed to study possible improvements and report thereon.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

WEDNESDAY, 15th February, 1928.

Ordered,—That the name of Mr. Sanderson be substituted for that of Mr. McMillan on the Select Standing Committee on Banking and Commerce.

Attest.

ARTHUR BEAUCHESNE,

Clerk of the House.

WEDNESDAY, 29th February, 1928.

Ordered,—That 750 copies in English and 250 copies in French of the proceedings and evidence which may be taken before the Select Standing Committee on Banking and Commerce respecting consideration of the improvement of the banking system of Canada, be printed from day to day, for the use of the Committee and of the House of Commons, and that Standing Order 64 be suspended in connection therewith.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

THURSDAY, March 29, 1928.

Ordered,—That 1,500 copies in English and 500 copies in French of the evidence taken on Wednesday, 28th instant, on which occasion Mr. W. P. G. Harding of Boston, Mass., U.S.A., was before the said Committee, be printed for the use of the Members of the House of Commons, and that Standing Order 64 be suspended in relation thereto.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House.

REPORTS OF THE COMMITTEE

*(With respect only to consideration of improvement of the banking
system of Canada)*

FIRST REPORT

WEDNESDAY, 29th February, 1928.

The Select Standing Committee on Banking and Commerce beg leave to present the following as their first report:

Your Committee recommend that 750 copies in English and 250 copies in French of their proceedings and evidence which may be taken respecting consideration of the improvement of the banking system of Canada be printed from day to day, for the use of the Committee and of the House of Commons, and that Rule 64 be suspended in connection therewith.

All of which is respectfully submitted.

F. W. HAY,
Chairman.

(Presented, 29th February, 1928. Concurred in, same day.)

THIRD REPORT

THURSDAY, March 29, 1928.

The Select Standing Committee on Banking and Commerce beg leave to present the following as their third report:—

Your Committee recommend that 1,500 copies in English and 500 copies in French of the evidence taken on Wednesday, 28th instant, on which occasion Mr. W. P. G. Harding of Boston, Mass., U.S.A., was before the Committee, be printed for the use of the Members of the House of Commons, and that Standing Order No. 64 be suspended in relation thereto.

All of which is respectfully submitted.

F. W. HAY,
Chairman.

(Presented, 29th March. Concurred in, same day.)

SEVENTH REPORT

The Select Standing Committee on Banking and Commerce beg leave to present the following as their seventh report:—

Consideration has been given to a Resolution of the House of Commons, dated February 13, 1928, and referred to this Committee, viz:—

“That, in the opinion of this House, the time has come for the consideration of the improvement of our banking system and that the Banking and Commerce Committee be instructed to study possible improvements and report thereon.”

Five sessions of the Committee were held during which this reference was under consideration.

Witnesses were examined, including O. S. Tompkins, Inspector-General of Banks, G. W. Hyndman, Assistant Deputy Minister of Finance; A. E. Darby, Director of Economic Research of the Canadian Council of Agriculture; A. E. Phipps, President of the Canadian Bankers' Association; The Hon. W. P. C. Harding, Governor of the Federal Reserve Bank of Boston, Mass.; and H. T. Ross, K.C., Secretary of the Canadian Bankers' Association.

As directed in the Order of Reference, the Committee conducted a study of possible improvements to our Canadian Banking system, and many interesting and useful suggestions were made; but early in the proceedings one major proposal to a large extent monopolized the attention of the Committee, viz:; that a Central Bank of Issue and Rediscount, somewhat analogous in its relations to the Canadian banking system to that of the Federal Reserve Banks to the United States system should be established in Canada. It was urged that through the “open market” operations of such a bank and variation in rates of interest in accordance with changing monetary conditions, control of credit could in some degree be exercised, and that the institution might become a medium through which commodity price levels could be regulated.

The evidence adduced did not, however, convince the Committee that such could be fully achieved. The preponderance of evidence indicated that the operations of a Central Bank of Issue, or Federal Reserve Bank as in the United States, exercised only an indirect or limited influence over price levels and that many of the functions attributed to such Central Bank of Issue and Rediscount were already being performed through the Finance Act. The Committee, however, is of opinion that owing to the rapid expansion of Canadian commercial,

industrial and agricultural operations and the possibility in the near future for the need of a much larger measure of credit than at any time in the past, it is desirable that a careful study be made by competent experts of the facilities available under the Finance Act, and to determine if such are capable of ready expansion to meet possible requirements of credit; and further to determine if under the present scope of the Finance Act it is possible for the Treasury Board to deal effectively with unusual variations in the rates of interest; and, lastly, to consider (in case it should be decided that present legislation is too restrictive) what measures should be taken to adapt our present system to the growing needs of the country.

Your Committee, therefore, recommend that the Government, through the Minister of Finance and the Treasury Board, invite into conference the Bankers of Canada, together with other competent persons with experience in such matters, to give further study to the subject matter of this Report, with instructions to take such steps as in their opinion in the premises are warranted. Your Committee feel that while it has accomplished much useful preliminary work, this would be conducive to a more intensive study of the question than to have the Committee itself conduct further investigations and this recommendation would, of course, in no way affect the usual procedure of having all important changes in banking legislation ordinarily made at the regular decennial revisions of the Bank Act submitted for the careful consideration of the Committee.

Your Committee desire to express appreciation of the manner in which evidence was given, and particularly of the courtesy of the Hon. W. P. G. Harding, Governor of the Federal Reserve Bank of Boston, for having come to Canada to give evidence which has proven to be of inestimable value to the Committee.

A copy of the proceedings and evidence is submitted herewith.

All of which is respectfully submitted.

F. W. HAY,
Chairman.

(Presented, 3rd May. Concurred in, 9th May.)

MOTION IN HOUSE TO PRINT PROCEEDINGS AND EVIDENCE AS APPENDIX TO THE JOURNALS OF THE HOUSE AND IN BLUE BOOK FORM

On Motion of Mr. Sanderson, for Mr. Hay, it was ordered,—That the proceedings and evidence taken by the Select Standing Committee on Banking and Commerce respecting improvement of the banking system of Canada, as submitted in their Seventh Report on 3rd May last, be printed as an appendix to the Journals of the House; that 750 copies in English and 250 copies in French of said proceedings and evidence be printed in blue book form; and that Standing Order 64 be suspended in relation thereto.

(Presented, 23rd May, 1928.)

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

ROOM 277,

WEDNESDAY, 29th February, 1928.

The Committee met at 11 a.m., Mr. Hay, the Chairman, presiding.

Present: Messrs. Allan, Benoit, Bird, Bock, Bothwell, Guérin, Hanson, Hay, Irvine, Ladner, Matthews, Smoke, Spencer, Steedsman, Ward and Woodsworth.

The Committee proceeded to the consideration of a resolution of the House, viz.:

That, in the opinion of this House, the time has come for the consideration of the improvement of our banking system and that the Banking and Commerce Committee be instructed to study possible improvements and report thereon.

At the invitation of the Chairman, Mr. Woodsworth outlined the course which he thought the Committee should follow. Suggestions were then made by Messrs. Hanson, Ladner, Spencer, Irvine and Matthews.

On motion of Mr. Ladner, it was,—

Resolved,—That the Committee request permission to have 750 copies in English and 250 copies of French of their proceedings and evidence which may be taken respecting consideration of the improvement of the banking system of Canada printed from day to day for the use of the Committee, and of the House of Commons, and that Standing Order 64 be suspended in connection therewith.

On motion of Mr. Hanson, it was,—

Resolved,—That a sub-committee of three, to include the Chairman, be appointed by the Chairman to suggest names of probable witnesses.

Ordered,—That Mr. J. C. Saunders, Deputy Minister of Finance, and Mr. C. S. Tompkins, Inspector General of Banks, Department of Finance, be requested to give evidence before the Committee at the next meeting.

The Committee adjourned until Wednesday, 7th March, at 11 a.m.

HOUSE OF COMMONS,

ROOM 429.

WEDNESDAY, 7th March, 1928.

The Committee met at 11 a.m., Mr. Hay, the Chairman, presiding.

Present: Messrs. Allan, Benoit, Bothwell, Casselman, Cayley, Donnelly, Ernst, Guérin, Harris, Hay, Irvine, Ladner, McLean (*Melfort*), Matthews, Perley (Sir George), Robinson, Robitaille, Smoke, Spencer, Steedsman, Woodsworth and Young (*Weyburn*).

The Chairman intimated that Messrs. Woodsworth and Matthews would act with him as a sub-committee to suggest the names of probable witnesses.

On motion of Mr. Bothwell,—

Resolved,—That notices of motion shall be made in writing, and that witnesses shall be sworn.

Mr. C. S. Tompkins, Inspector General of Banks, Department of Finance, Ottawa, Ont., was called, sworn and examined. Witness retired.

Mr. Woodsworth stated that Mr. Arthur E. Darby, Director, Economic Research, Canadian Council of Agriculture, was in attendance, and desired a hearing on behalf of that body.

Mr. Darby was called and sworn. He read a memorandum adopted by the Canadian Council of Agriculture in 1927, and was later questioned thereon. Witness discharged.

Mr. J. C. Saunders, Deputy Minister of Finance, Ottawa, Ont., who was requested to appear for examination to-day, was absent on account of sickness.

The Chairman, on behalf of the sub-committee, suggested that the President of the Bankers' Association be heard at the next meeting, which suggestion was concurred in by the Committee.

The Committee adjourned until Thursday, 15th March, at 11 a.m.

HOUSE OF COMMONS,
ROOM 429,
THURSDAY, March 15, 1928.

The Select Standing Committee on Banking and Commerce met at 11 a.m., Mr. Hay, the Chairman, presiding.

Present: Messrs. Allan, Benoit, Bird, Casgrain, Casselman, Fafard, Gervais, Hay, Irvine, Ladner, McPhee, Matthews, Perley (Sir George), Robb, Robinson, Robitaille, Smoke, Spencer, Steedsman, Stevens, Vallance, Ward, Woodsworth and Young (*Weyburn*).

The Chairman announced that the sub-committee appointed to suggest probable witnesses had been in communication with Mr. Young, Governor, Federal Reserve Board, Washington, D.C., and had received an assurance that a witness would be provided by that body. The Committee confirmed the action taken, with an instruction to suggest alternative dates to the witness for a hearing.

Mr. Albert E. Phipps, President of the Canadian Bankers' Association, and General Manager of the Imperial Bank of Canada, was called and sworn. He read a statement, and later was questioned. Witness discharged.

Mr. Ladner filed a statement indicating the functions of a proposed Federal Reserve Bank of Canada (incorporated in the evidence taken to-day as Exhibit No. 1).

The Committee adjourned until Wednesday, March 21, at 11 a.m.

WEDNESDAY, March 21, 1928.

The Select Standing Committee on Banking and Commerce met at 11 a.m., Mr. Hay, the Chairman, presiding.

Present: Messrs. Allan, Bird, Bock, Bothwell, Casgrain, Casselman, Drayton (Sir Henry), Ernst, Guerin, Harris, Hay, Irvine, McLean (*Melfort*), Matthews, Robinson, Ryckman, Sanderson, Spencer, Steedsman, Vallance, Ward, Young (*Weyburn*).

PRIVATE BILLS

The Chairman announced that several Private Bills would be ready for consideration at the next meeting; and, at his suggestion, it was decided that Bill No. 56, An Act respecting the Sun Life Assurance Company of Canada, be the first bill to be considered at the next meeting.

CONSIDERATION OF IMPROVEMENT OF THE BANKING SYSTEM OF CANADA

The Chairman, on behalf of the sub-committee appointed to suggest probable witnesses, stated that Mr. Harding, Governor of the Federal Reserve Bank, Boston, Mass., U.S.A., would be available as a witness on Wednesday, March 28. The Committee accordingly decided to hear Mr. Harding on that date at 10.30 a.m.

Mr. C. S. Tompkins, Inspector General of Banks, Department of Finance, Ottawa, Ont., was recalled and further examined. Witness retired.

Mr. G. W. Hyndman, Assistant Deputy Minister, Department of Finance, Ottawa, Ont., was called, sworn and examined. Witness stood aside.

Mr. C. S. Tompkins was recalled to answer a few questions, and retired.

Mr. G. W. Hyndman was recalled and examination continued. Witness retired.

The Committee adjourned until Tuesday, March 27, at 11 a.m.

WEDNESDAY, March 28, 1928.

The Select Standing Committee on Banking and Commerce opened proceedings at 10.45 a.m., Mr. Hay, the Chairman, presiding.

The following members of the Committee were present:—

Messieurs Benoit, Bird, Casselman, Cayley, Donnelly, Drayton (Sir Henry), Fafard, Guérin, Hanson, Harris, Hay, Irvine, Ladner, Matthews, Perley (Sir George), Robb (Hon. J. A.), Robinson, Sanderson, Spencer, Steedsman, Stevens (Hon. H. H.), Vallance, Ward, Woodsworth, and Young (*Weyburn*)—25.

The Chairman opened the meeting, and introduced to the Committee the witness for the day, Mr. W. P. G. Harding, Governor of the Federal Reserve Bank of Boston, Mass., who, he stated, had kindly acceded to the request of the Committee to come before them and give them his views in regard to the Banking system of the United States, with particular mention of the Federal Reserve system. He expressed his thanks and the thanks of the Committee and their appreciation in having Mr. Harding with them.

Hon. Mr. Robb, Minister of Finance made some brief remarks, extending a cordial welcome, both for himself and on behalf of the Government, for the courtesy shown by Mr. Harding in coming to share his views with the Canadian people on this important matter.

Mr. Harding was then asked to address the meeting, which he proceeded to do. He described in detail the changes and improvement of the banking system in the United States from the time when that country was small in population and wealth up to the present time, elaborating particularly on the Federal Reserve Banks, and the Reserve Bank system.

On finishing his statement, questions were asked by Mr. Stevens, Mr. Ladner, Mr. Woodsworth, Mr. Spencer, Mr. Hanson, Mr. Matthews, Sir Henry Drayton, and others, which were answered by Mr. Harding in detail.

It being after one o'clock, the Chairman stated that it would, he thought, be necessary to close the meeting. He expressed the pleasure of the Committee in having such a comprehensive address from Mr. Harding, and formally tendered the united thanks of the Committee.

The Committee then adjourned to meet again at 11 a.m. to-morrow—Thursday.

E. L. MORRIS,
Acting Clerk of the Committee.

ROOM 429, HOUSE OF COMMONS,
WEDNESDAY, April 18, 1928.

The Select Standing Committee on Banking and Commerce met at 11 a.m., Mr. Hay, the Chairman, presided.

Present: Messrs. Benoit, Black (Halifax), Bock, Bothwell, Cayley, Chaplin, Donnelly, Geary, Guerin, Hay, Irvine, Jacobs, Ladner, McLean (Melfort), Perley (Sir George), Robinson, Ryckman, Smoke, Spencer, Steedsman, Stevens, Ward, Woodsworth.

Bill No. 38, An Act to amend the Bankruptcy Act (Attendance for Examination). Mr. Varcoe of the Department of Justice, and Mr. Brady, M.P., the sponsor, were heard. Bill stood over.

A resolution of the House, referred to the Committee, viz.:

“That the Committee investigate and report on the operations of companies carrying on sickness and accident insurance business in Canada”,

was called. Mr. McQuarrie, M.P., sponsor, addressed the Committee.

On motion of Mr. Irvine,

Resolved, That the evidence to be taken should be stenographically reported, and that permission be requested to have this done.

CONSIDERATION OF IMPROVEMENT OF THE BANKING SYSTEM OF CANADA

Mr. Henry T. Ross, Secretary. Canadian Bankers' Association, was called, sworn and examined. Witness retired.

On motion of Mr. Donnelly,

Resolved, That a sub-committee of five members, to be named by the Chairman, be appointed to draft and submit to the Committee for approval a report for submission to the House.

The Chairman accordingly named as a sub-committee Messrs. Stevens, Donnelly, Ladner, Woodsworth and Hay.

The Committee adjourned until Wednesday, April 25.

ROOM 497. HOUSE OF COMMONS

THURSDAY, May 3, 1928.

The Select Standing Committee on Banking and Commerce met at 11 a.m., with Mr. Hay, the Chairman, presiding.

Present: Messrs. Benoit, Bird, Black (*Halifax*), Bock, Bothwell, Casgrain, Casselman, Donnelly, Ernst, Gervais, Hay, Irvine, Matthews, Perley (Sir George), Smoke, Spencer, Steedsman, Stevens, Ward, Woodsworth, Young (*Weyburn*).

Bill No. 38, An Act to amend the Bankruptcy Act (Attendance for Examination).

Mr. Varcoe of the Department of Justice was heard.

On motion of Mr. Stevens,—

Resolved,—That the Committee recommend the withdrawal of the Bill, and that the contents thereof be commended to the consideration of the Government for incorporation when a general amending Act to the Bankruptcy Act is contemplated.

CONSIDERATION OF IMPROVEMENT OF THE BANKING SYSTEM OF CANADA

The Chairman announced that the Sub-Committee appointed to draft a report for submission to the House had agreed, on division, to submit the following to the Committee for approval, viz:—

“Consideration has been given to a Resolution of the House of Commons, dated February 13, 1928, and referred to this Committee, viz:—

“That, in the opinion of this House, the time has come for the consideration of the improvement of our banking system and that the Banking and Commerce Committee be instructed to study possible improvements and report thereon”.

Five sessions of the Committee were held during which this reference was under consideration.

Witnesses were examined, including O. S. Tompkins, Inspector-General of Banks, G. W. Hyndman, Assistant Deputy Minister of Finance; A. E. Darby, Director of Economic Research of the Canadian Council of Agriculture; A. E. Phipps, President of the Canadian Bankers' Association; The Hon. W. P. C. Harding, Governor of the Federal Reserve Bank of Boston, Mass.; and H. T. Ross, K.C., Secretary of the Canadian Bankers' Association.

As directed in the Order of Reference, the Committee conducted a study of possible improvements to our Canadian Banking system, and many interesting and useful suggestions were made; but early in the proceedings one major

proposal to a large extent monopolized the attention of the Committee, viz.; that a Central Bank of Issue and Rediscount, somewhat analogous in its relations to the Canadian banking system to that of the Federal Reserve Banks to the United States system should be established in Canada. It was urged that through the "open market" operations of such a bank and variation in rates of interest in accordance with changing monetary conditions, control of credit could in some degree be exercised, and that the institution might become a medium through which commodity price levels could be regulated.

The evidence adduced did not, however, convince the Committee that such could be fully achieved. The preponderance of evidence indicated that the operations of a Central Bank of Issue, or Federal Reserve Bank as in the United States, exercised only an indirect or limited influence over price levels and that many of the functions attributed to such Central Bank of Issue and Rediscount were already being performed through the Finance Act. The Committee, however, is of opinion that owing to the rapid expansion of Canadian commercial, industrial and agricultural operations and the possibility in the near future for the need of a much larger measure of credit than at any time in the past, it is desirable that a careful study be made by competent experts of the facilities available under the Finance Act, and to determine if such are capable of ready expansion to meet possible requirements of credit; and further to determine if under the present scope of the Finance Act it is possible for the Treasury Board to deal effectively with unusual variations in the rates of interest; and, lastly, to consider (in case it should be decided that present legislation is too restrictive) what measures should be taken to adapt our present system to the growing needs of the country.

Your Committee, therefore, recommend that the Government, through the Minister of Finance and the Treasury Board, invite into conference the Bankers of Canada, together with other competent persons with experience in such matters, to give further study to the subject matter of this Report, with instructions to take such steps as in their opinion in the premises are warranted. Your Committee feel that while it has accomplished much useful preliminary work, this would be conducive to a more intensive study of the question than to have the Committee itself conduct further investigations and this recommendation would, of course, in no way affect the usual procedure of having all important changes in banking legislation ordinarily made at the regular decennial revisions of the Bank Act submitted for the careful consideration of the Committee.

Your Committee desire to express appreciation of the manner in which evidence was given, and particularly of the courtesy of the Hon. W. P. G. Harding, Governor of the Federal Reserve Bank of Boston, for having come to Canada to give evidence which has proven to be of inestimable value to the Committee.

A copy of the proceedings and evidence is submitted herewith."

Mr. Bothwell moved that the draft report be adopted as the report of the Committee.

Mr. Woodsworth moved in amendment thereto that in the paragraph of the draft report commencing "The evidence adduced did not," the following be inserted after "unusual variations in the rates of interest," viz:

"to further explore the possibilities of stabilizing the money market with a view to preventing the recurrence of periods of inflation and deflation with their attendant evils;"

The question being put on the amendment, it was negatived on division.

The question being put on the motion, it was agreed to.

Ordered,—To report to the House.

The Committee adjourned, to meet at the call of the Chair.

The Select Standing Committee on Banking and Commerce met at 11 a.m., with Mr. Hay, the Chairman, presiding.

Present: Messrs. Bock, Casselman, Fafard, Harris, Hay, Ladner, Lang, McLean (Melfort), Matthews, Ryckman, Sanderson, Spencer, Steedsman, Stevens, Woodsworth.

CONSIDERATION OF IMPROVEMENT OF BANKING SYSTEM OF CANADA

On motion of Mr. Woodsworth,—

Resolved,—That proceedings and evidence taken, submitted to the House with the Seventh Report on the 3rd May, should be printed as an appendix to the Journals of the House, and that 750 copies in English and 250 copies in French should be printed in blue book form.

The Chairman announced the receipt from Mr. G. W. Hyndman, Assistant Deputy Minister of Finance, of two statements, viz:—

1. Exports of gold from Canada, 1917 to 1928.
2. Monthly merchandise trade balances, April, 1916, to February, 1928.

On motion of Mr. Spencer,—

Resolved,—That Mr. Hyndman's two statements referred to above be incorporated in the appendix to the Journals and in the blue book form.

Bill No. 215 (Letter P4 of the Senate), An Act to incorporate The Canadian Commerce Insurance Company.

The Chairman read a letter from Mr. Finlayson, Superintendent of Insurance, stating that he had no objection to the passage of the Bill.

Preamble adopted.

Sections 1 to 9, both inclusive, carried.

Ordered,—To report the Bill without amendment.

Bill No. 314 (Letter K7 of the Senate), An Act respecting The Dominion Fire Insurance Company.

The Chairman read a letter from Mr. Finlayson, Superintendent of Insurance, stating that he had no objection to the passage of the Bill.

Preamble adopted.

Sections 1 to 4, both inclusive, carried.

Ordered,—To report the Bill without amendment.

The Committee adjourned to meet at the call of the Chair.

MINUTES OF EVIDENCE

COMMITTEE ROOM 429,

HOUSE OF COMMONS,

WEDNESDAY, March 7, 1928.

The Select Standing Committee on Banking and Commerce met at 11 o'clock, a.m., the Chairman, Mr. F. W. Hay, presiding.

CHARLES E. S. TOMPKINS, called and sworn.

By the Chairman:

Q. Mr. Tompkins, will you just make any statement you wish.—A. I confess I have no general statement to make in view of not having intimation of the particular line of inquiry which would be proceeded with this morning.

Q. I suppose it would be too general a question to ask of you if you have any thought which might improve banking conditions in Canada.—A. I believe that the banking system as it prevails meets the needs of the country adequately, and while improvements might be necessary from time to time, I cannot see that there is anything radically wrong with it at the present time.

Q. Perhaps this question is more lengthy than the answer, but I wonder if there is any thought in your mind, as there is in the minds of a good many Canadians who are not bankers—far from it—but borrowers of money, that the banks are restricted in the amount of money they are able to loan to their customers. There is a system prevailing in the United States which makes it more favourable for the borrowers, because when a bank is up to its loaning capacity, it is able to borrow from some other source. I believe, upon inquiry, that there is a condition here which practically puts us in the same position. Can you give us a short outline of the manner, when banks are out of funds, by which they recoup themselves?—A. They can obtain advances under the Finance Act by pledging with the government municipal securities and even commercial paper. This Act originated at the beginning of the war and has been, with some modification, continued to serve post-war needs, and it appears to meet the situation adequately.

By Mr. Woodsworth:

Q. Before the witness passes from that: would you give us some idea of the class of securities acceptable to the government?—A. The classes of securities are set out in section 2 of the Finance Act, assented to June 30th, 1923. Shall I detail them?

Q. I would be glad if you will, for my information.—A. Treasury bills, bonds, debentures or stocks of the Dominion of Canada, the United Kingdom, any province of Canada, or any British possession; public securities of the government of the United States; Canadian municipal securities; promissory notes and bills of exchange secured by documentary title to wheat, oats, rye, barley, corn, buckwheat, flax, or other commodities; promissory notes and bills of exchange issued or drawn for agricultural, industrial or commercial purposes and which have been used or are to be used for such purposes.

By the Chairman:

Q. Do these securities carry the endorsement of the bank which borrows upon them?—A. Where it is necessary—Oh yes, commercial paper, undoubtedly.

By Mr. Spencer:

Q. This includes practically every collateral which is deposited with a bank?—A. The chief ones.

By Mr. Woodsworth:

Q. I would like to ask a practical question which has often occurred to me. We have such co-operative organizations as the wheat pool now in existence. The wheat cheques may be deposited with a bank and re-deposited with the government. Is there any reason why the wheat pool itself should not secure advances direct from the government upon depositing these securities?—A. Of course there are various kinds of banking which we have to do. I suggest that it is our impression, on all these various classes of transactions, that their borrowings should be done through the banks at the same time.

Q. That is, it is indirectly an advantage to them to have banking facilities?—A. Exactly.

Q. But so far as the transaction itself is concerned there would be no inherent reason why a government should not accept the securities of the wheat pool for instance, or any other such organization?—A. At the moment I can think of no great obstacle to that.

Q. What would the banks lose in that case?—A. They would lose the interest they make, on the moneys they are able to pay out, that are available for loaning.

Q. But the Government would lose what?—A. I do not quite understand you.

Q. What would the Government lose by such an arrangement?—A. I do not know that the Government would lose anything.

By Sir George Perley:

Q. Would they have to set up any organization to deal with loans of that kind?—A. Unquestionably there would be the added cost of administration.

The CHAIRMAN: Mr. Woodsworth is trying to get at what is charged to the banks for what is lent to them, and how much cheaper it would be to deal directly.

By Mr. Woodsworth:

Q. Take the wheat pool in the West; as I understand it, if the wheat pool could deal directly with the Government you suggest that that wheat pool or other such co-operative organization might possibly be embarrassed because they could not undertake or secure other banking facilities?—A. Quite so.

Q. They might possibly find some difficulty there?—A. They might.

Q. But as far as the bank itself is concerned, it would lose the interest?—A. Quite so.

Q. Which would be a considerable amount. I would like to ask in a moment or two, how much. As far as the Government is concerned you think there would be a little more cost of administration?—A. Undoubtedly I think there would be.

Q. Suppose the wheat pool deposited securities directly, how much more trouble would there be in crediting them to the wheat pool than to the banks?—A. Well, a bank's borrowings are very largely against bonds and negotiable securities. They do not find it necessary to deposit, as a rule, the actual grain documents, although that is provided for by the Act. They might consider it much simpler, if they had available securities deposited, bonds, government, municipal or such other securities as are detailed in the Act.

Q. What are the extra amounts of money issued at the present time under the Bank Act?—A. Well, I think bonds and other securities are mentioned.

Where there is power to deposit grain documents, it is not taken advantage of, except on temporary occasions.

Q. What interest is charged as a matter of fact, to the wheat pool or other organizations for that accommodation?—A. By the banks?

Q. Yes?—A. I am hardly at liberty to say that, even if I were absolutely up to date on the information.

Mr. WOODSWORTH: Possibly we will get that later from the banks.

By Mr. Spencer:

Q. I understand that amongst the securities the banks bring to the Treasury Board there are Provincial bonds; why should not a Provincial government be able to bring its own bonds to the Treasury Board and get accommodation?—

A. Provincial bonds lodged by the banks are simply those that they hold against ordinary securities on their investments, and are deposited to get temporary advances, as the need arises.

Q. Whether one or the other, what objection would you have to that legislation?—A. I cannot see that the two transactions have any relation one to the other.

By the Chairman:

Q. Provincial governments that want to borrow money are able to sell their bonds as cheaply as the Dominion Government can, and to the same advantage?—A. At very close to the same rate.

By Mr. Woodsworth:

Q. Is there any governmental control, of any kind whatever, as to the amount of credits which the banks are permitted to issue?—A. Under the Finance Act do you mean?

Q. Yes?—A. You mean the advances by the Government to the banks?

Q. No, I mean the advances by banks to depositors or customers?—A. No.

Q. Nothing whatever?—A. You mean statutory control?

Q. Yes?—A. None.

Q. I mean Governmental control?—A. It is purely a matter of policy.

Q. It is purely a matter of banking policy?—A. Yes.

Q. Is it not true that the amount of credits issued has a direct relationship to general price levels?—A. Well, I hardly feel competent to express an opinion upon that matter. Authorities have gone on record in that connection. I hardly think that any evidence I could give would be of any great value.

Q. Whatever the facts may be, you are clear as to the fact that there is no governmental control whatever, as to the issue, as to the extension, or the restriction of credit?—A. No.

Q. Do you think that that places a very great power in the hands of the banks?—A. I think past experience shows that they have exercised that power wisely.

Q. Is there any restriction whatever placed upon a director of a bank being a director of an ordinary industrial or business corporation, as to the power of such director?—A. No.

Q. In such a case, is there not a possibility that a director of a bank, interested in an industrial corporation, might give preference to that corporation in the extension of credit facilities?—A. I do not think it has worked out along those lines in the past.

Q. You think not?—A. Perhaps there have been some few solitary exceptions, but nothing in recent times.

By the Chairman:

Q. There is nothing in the Act which prevents a director dealing with a competitive business, as a director; I think, where an application is made for a loan by a competitor, a director usually sits out. Is that so?—A. The Act provides that a director shall not sit in or have any vote or say with regard to an extension of credit or the granting of credit to a concern in which he is interested, or of which he is a director.

By Mr. Matthews:

Q. The question is framed in a peculiar way. Do you not think so?—A. Not at all.

Mr. MATTHEWS: I do not think the question meets the situation at all.

By the Chairman:

Q. The Act deals with that does it?—A. Yes, sir.

By Mr. Robinson:

Q. Is it not often the case that when a concern is not doing well, the bank appoints one of its directors to the Board of the industry in question in order to see that the finances are properly handled?—A. That may be so.

By Mr. Woodsworth:

Q. May I ask if there was not a case recently mentioned in the newspapers with regard to the directors of the Banque Provinciale having advanced large sums of money to the Montreal Dairy Company?—A. I do not recall having seen any publicity, in a published article. Was it in a Montreal newspaper?

Q. I believe so?—A. I do not believe I saw it.

By the Chairman:

Q. No complaint was made to your department?—A. Not that I know of.

By Mr. Woodsworth:

Q. Supposing a complaint did come, of a bank director taking advantage of his position to lend large sums of money to a company in which he was interested, what action would your department take?—A. After receiving the complaint, if I felt it to be my duty to do so, I would report the action to the Minister.

Q. What authority would he have in that case?—A. Nothing but general authority, I would say.

Q. Is there any limit set to the loans which a bank director can make, shall I say to himself, as a director of another company?—A. No. I have here the amendment to the Act dealing with that. Perhaps I might read it. It is in Section 76 of the Act respecting Banks and Banking; it provides the lending of money under certain circumstances. Sub. Sec. 2 of Sec. 76 provides:—

76. The bank may—

2. Except as authorized by this Act, the bank shall not, either directly or indirectly,—(F.) lend money or make advances in excess of ten per cent of its paid-up capital to a director of the bank or to any company or corporation in which the president, general manager, or a director of the bank is a partner or shareholder, as the case may be, without the approval of two-thirds of the directors present at a regular meeting, or meeting specially called for the purpose, of the board.

Q. But if the Board is willing to give such consent?—A. It must take the responsibility.

Q. The amount then is unlimited? (No reply.)

[Mr. C. S. Tompkins]

By the Chairman:

Q. Is the number of directors constituting a quorum limited by the Act?—
A. It is usually done by by-law.

Q. Would five be the minimum for a Board of Directors?—A. It is according to the size of the Board, the number constituting a quorum.

Q. But does the act prescribe that you must have so many directors?—
A. No, I think it shall not be less than a certain number.

Q. It is three, for companies in Ontario; I do not know what it is under the Bank Act?—A. That is provided for in Section 18 of the Act respecting Banks and Banking, which states that the number of Directors shall not be less than five, and a quorum thereof shall not be less than three.

By Mr. Woodsworth:

Q. In practice, is there any limit to the amount that may be granted by a local branch bank without reference to headquarters?—A. The limit varies. You mean loans granted upon the manager's own responsibility?

Q. Yes. Can you give the range?—A. With some banks it is much larger than with others.

By the Chairman:

Q. Is there a tendency to place a little more responsibility upon the local managers?—A. Yes.

Q. In recent years, I mean?—A. Yes, during recent years.

Q. Your Department has no power over that?—A. That is a matter of the internal regulation of the bank.

By Mr. Woodsworth:

Q. Do you think there is any tendency, in the case of an extensive country of this kind, when nearly all loans must be submitted to headquarters, that naturally a concern near at hand will receive more consideration than a concern which is more remote?—A. No, I do not think so. I might add that supervisors of the banks in the different districts or provinces, have very substantial loaning limits, within which they may grant credits without reference to the head office, and that all tends to meet that situation adequately, in my opinion.

Q. Is there any relation at all observed as between deposits, I mean, savings deposits, made in any one locality, and the amount of money loaned in that particular locality?—A. No. One of the advantages of our system, as has been often emphasized, is that it allows surplus funds from one community to be employed where they may be needed in the commercial or industrial life of another community in the country.

Q. Is there any way in which the funds of the banks are limited to Canada that is, the areas in Canada, or is the proportion that can be loaned in Canada limited?—A. No.

Q. Are the banks free to loan abroad?—A. The policy has been that foreign deposits shall take care of foreign loans. That has been the situation.

Q. How is that shown?—A. It is shown in our returns of deposits and loans other than in Canada.

Q. You mean commercial deposits?—A. And savings deposits as well.

Q. What is the relationship between the two?—A. I cannot separate one from the other. The bank's return simply gives the total deposits other than in Canada.

Q. Do you not think that it would be advisable to have some separation?—A. That would be of no advantage.

[Mr. C. S. Tompkins]

Q. Is there a wide distinction between commercial deposits and savings deposits?—A. Unquestionably. Savings deposits in Canada are payable after notice. Deposits from abroad consist of a variety of deposits. Very often in some countries savings accounts are not actually operative, whereas in others the custom has been to act otherwise.

By Mr. Irvine:

Q. If I understood you correctly, you intimated that certain surpluses from certain sections of the country would be available to devote to another section of the country, in connection with branch banks?—A. That is correct.

Q. Is there any relation between the amount of money on savings accounts in the banks and the actual amount of credit released by the banks, or initiated by them?—A. I would not single savings accounts out. A bank's deposits as to the total will enable them to extend credits in proper proportions.

Q. Would that not mean that we would not require to get deposits from any particular community?—A. I am afraid I do not catch the question.

Q. You intimated that surpluses from one section of the country would be available for another section. In view of the fact that any transaction would depend upon the securities of the person or corporation applying, and the fact that borrowing would affect the deposits, is it necessary to put through a transaction of that kind to remove one part of the savings from one part of the country to another?—A. That is too involved a question.

Q. There should not be any difficulty about it. I think you admit that the amount of money on deposit in the savings accounts in Canada has nothing to do with the amount of money issued in the form of credit by the banks. By what authority do you say that we take a certain amount of securities from one part of the country to another to give loans?

The CHAIRMAN: You mean, does the amount of deposits in Section B for instance have any relation in your mind to the credits that may be granted to that section?

Mr. IRVINE: I am not limiting it to any section, Mr. Chairman.

WITNESS: All I can say is that obviously the extent to which a bank is able to obtain deposits, both savings and current, enables it to loan in such proportions as it may consider good policy.

By Mr. Irvine:

Q. There must be some proportion between the amount of savings and the amount on current deposit in the banks?—A. I say that the total amount of deposits, no matter what they are, will put the bank in a position to be able to loan money.

Q. Is it not so that a loan in one section of the community, say on the strength of a man's herd of cattle, is a deposit in fact?—A. That is Mr. McKenna's argument. I believe it is, up to a certain point.

Q. You would not devote that amount of money to another man to enable him to get a loan on his herd of cattle. You are conveying a wrong impression, not intentionally, of the banking system, I would say.—A. I think not.

By Mr. Woodsworth:

Q. May I put it in a little different way? Mr. Irvine speaks of banking practices. Take Brownsville for instance; a farmer comes in and wants to borrow \$1,000. At that point he brings in his collateral, whatever it is, to his loan of \$1,000 by demand, and is credited with a deposit of approximately, \$1,000. Is that not a transaction complete in itself, without having to call in Montreal to the aid of Brownsville?—A. Yes, in a sense it is. Of course the

money which is created by the loan, as you term it, might easily go out again, and it might be necessary for the head office or some other section of the country to allow that branch a further amount, to permit it to carry on.

Q. But as far as that transaction is concerned Brownsville stands upon its own feet?—A. Quite so.

Mr. WOODSWORTH: I cannot see where Montreal or other sections are an advantage, in that immediate transaction.

By Sir George Perley:

Q. Take the farmer who borrows the money; the supposition is that he draws out almost immediately that amount for his wants. It does not remain as a deposit, and if Brownsville has no deposits from other people, it might be necessary to draw upon some other resources of the bank?—A. That is correct. The deposit can only exist as long as the amount is left at his credit.

By Mr. Woodsworth:

Q. But it appears in the reports that the bank has received a deposit and has issued a loan of \$1,000?—A. The deposit may only exist for two or three days.

Q. It does not require currency to make it good?—A. Not at that particular moment.

Q. What is true of one individual transaction is true of the whole body of transactions?—A. Up to a certain point.

Q. When you speak of foreign countries, and you say that they carry the loans, that is merely saying that there is sufficient collateral put up in those foreign countries to provide for the finances?—A. Sufficient deposits to finance the loaning business in those countries.

By the Chairman:

Q. A man may borrow \$1,000 to purchase a herd of cattle. That transaction is complete in itself. But you may take \$1,000 and it may go to twenty or thirty people, merchants and so forth, and it may not reach Brownsville for months; in fact it might never become a deposit, or it may be months and months before it becomes a deposit.—A. It might conceivably stay there for an hour, or for twenty-four hours.

By Mr. Woodsworth:

Q. But it is regarded as a deposit?—A. It is regarded as such.

Q. I want to get from you this: immediately a loan is made, is it not entered in the books as a deposit?—A. Where is the money to come from, if a man comes in three hours afterwards and wants to draw it all out?

Q. In currency?—A. Yes.

Q. The payment is all done by cheque?—A. Yes, but the cheque has to be met; the bank has to pay somebody for the cheque.

Q. But the thing is cancelled?—A. You mean, if he pays the loan simultaneously?

Q. I mean that it is not necessary for the bank to produce, in that case, any currency?—A. If he pays by cheque, do you mean?

Q. Yes, if he pays by cheque?—A. Certainly; it must produce currency to pay somebody.

By Mr. Irvine:

Q. Is it your suggestion that there must be cash as these loans are required?—A. Yes, cash to meet the loans or the deposits.

[Mr. C. S. Tompkins]

Q. Would you care to tell us how much actual cash is required to meet all the loans in Canada in that regard?—A. That is asking me a rather difficult question.

Q. It is on record, is it not?—A. I do not know that it is.

The CHAIRMAN: The Deputy Minister may give that more accurately. As a matter of practice with the banks, it does, or it does not, become a deposit. I deposit \$1,000, and they give me credit for it. I am leaving it at my credit, wholly or in part, and if I want the currency I write a cheque and get the proceeds, it may be, of my discount.

By Mr. Ernst:

Q. But it has to come from somewhere. The deposits are not increased. It may come from outside, or it may come from another branch?—A. I say again that the creation of deposits through loans is true up to a certain point, but only up to a certain point.

By Mr. Spencer:

Q. When is that point reached?—A. Perhaps I should cite an example. It is a common thing—perhaps I am not permitted to refer to United States banks—but it is a common thing for them to insist upon a certain amount of free deposits to be made, to keep up to their borrowing customs. They are much more particular in some respects than in Canada. A man getting \$5,000 might be expected to leave 20 per cent.

Q. Would you say that all loans are lent from savings deposits?—A. No.

Q. You say no?—A. Yes.

Q. Would you admit that a security that is lodged by a customer is a means of creating the loan?—A. It is a security behind the bank.

Q. The security creates the loan?—A. Well, the bank might not loan upon that man's name alone. It is the security that enables him to get the credit.

Q. A bank does not necessarily have to have a surplus deposit to borrow from to lend to that man?—A. They might have a demand deposit, to be able to meet it.

Q. But would they have to have a demand deposit to grant him the loan?—A. They have to have resources from somewhere. They have to have the money to advance to him.

Q. Can you define that a little more particularly?—A. I think sufficient evidence has come before the Committee before now. I do not think I can add anything to it.

Q. I think Sir Edmund Walker made the statement that only 4 per cent is necessary in some medium of exchange, such as notes or coin. Would you agree with that statement?—A. I cannot say. I am not in a position to say. Sir Edmund Walker was a very eminent authority, and after the fullest consideration I am not prepared to dispute it, neither would I care to go on record as agreeing with it necessarily.

Q. The point you have taken is, that you would have to have some money to give out. You say you do not want either to accept or reject a statement of Sir Edmund Walker. I take it for granted that Sir Edmund Walker is correct when he says that only 4 per cent is necessary in some medium of exchange, such as notes or coin, and that over 96 per cent is cheque money. Would that be correct?—A. Opinions might vary as to the percentages I presume. That is somewhat along the lines of Mr. McKenna's argument again, I think.

Q. You say you have to have money?—A. Yes, certainly.

Q. That is to say, you would allow the client to draw by cheque?—A. Yes.

Q. To cheque his money out?—A. Some term it that.

The CHAIRMAN: Mr. Tompkins will be available to us at any time. I rather think that we should give him some notice. I am not asking you to be restricted in your questions at all. We will have him again, if desired.

[Mr. C. S. Tompkins]

By Mr. McLean (Melfort):

Q. Suppose a customer goes into a bank and borrows on his own statement, \$1,000, on his own credit; he leaves one-half of it on deposit for a certain time. Supposing another man comes in immediately after, is that bank in a position to loan part of that \$500 that has been left there, if the security is reasonably good? Does it affect the transaction as between the bank and the first customer, if the customer has left one-half on deposit?—A. It would be taken into the general volume of deposits, and to that extent it would be available.

Q. The bulk of the banking business is done on credit, I presume. Is it the practice of the bank, where money has changed hands, if I go in, sign a note and get \$1,000 and \$500 is left to my credit, to take that into consideration when another customer comes in and wants a loan?—A. It is included in the general volume of business.

By the Chairman:

Q. Would the local manager pay any attention to that outside transaction?—A. No, he would take it in in the total.

By Mr. Woodsworth:

Q. What advantage is it to the banks to have their own currency?—A. I think the value of that privilege has been very greatly exaggerated.

Q. Can you give us any idea as to the value to the banks?—A. I think the late Sir Edmund Walker went on record in 1923 as saying that the value would be somewhere between one and two per cent. I would hesitate to be more exact than that in an estimate.

By the Chairman:

Q. That is, note circulation?—A. Yes.

Q. It was formerly worth very much more?—A. Yes.

By Mr. Woodsworth:

Q. There has been quite a decrease in the value of the privilege?—A. For the simple reason that the circulation in excess of dollar for dollar should be made good in a central gold reserve. In addition to that they have to pay 1 per cent to the government. The cost of printing and replacing them frequently is quite a substantial item.

Q. Would you say that the extension of the practice of payment by cheque in proportion to other types of money had anything to do with that?—A. No, I would not. I do not believe it has any relation to it.

By the Chairman:

Q. I suppose the increase in deposit savings in the bank, has brought in quickly the note circulation, whereas before it was held at long terms?—A. Transportation loans have been a factor. There was a time when they were not a factor, but that has passed long ago.

By Mr. Spencer:

Q. You said it did not pay the bank very well to issue notes over and above the amount of its paid-up capital and reserve because they have to deposit dollar for dollar in the Central Gold Reserve?—A. Or Dominion notes, I should have added that.

Q. Can you inform the Committee to what extent the Reserve is gold and to what extent it is Dominion notes?—A. At the end of December, the total deposits in the Central Gold Reserve were \$74,000,000 in round figures, of which, \$21,000,000 roughly was in gold coin and the balance in Dominion notes.

[Mr. C. S. Tompkins]

By Mr. Young (Weyburn):

Q. What percentage of the funds is kept in reserve in the various branches to handle the day's business, as it goes on from time to time?—A. I could not give you any particular amount. Are you referring to any specific branch?

Q. No, the money they have to keep practically idle?—A. At the end of December the bank's total holdings of gold and subsidiary amounted to \$76,519,000, and of Dominion notes \$138,803,000. That is what is commonly known as cash.

Q. What percentage is that of all the available money they have—all their deposits?—A. The percentage of their deposits? I would have to work that out for you, but I could give you that at a later meeting.

By Mr. Irvine:

Q. I understood you to say at the outset that you had not discovered any reasons why there should be any improvements in the banking system of Canada; that you thought it was functioning fairly well, and I think we are all in general agreement with that—at least in some respects. I think you said at a later time that there was no statutory control of credit—the actual amount of credit issued, and I think you also said you would not commit yourself on the question as to whether or not there was a relationship between the amount of credit issued by the bank and the price level. If it should transpire that there is a very decided relationship between the amount of credit issued and the price level, and the changing price level on the other hand has a very direct effect upon the lives of people, would you be interested in changing your mind on your statement that you think there is no need for improvement?—A. There is no telling what I might do; it is quite possible I might change my mind if I could be convinced by investigation along those lines, that the result you intimate would be obtained.

Q. Is there any control of the price of money? Is there any agency, legal or illegal, controlling the price of money in Canada?—A. Do you refer to the interest rates in general? No. Interest rates find their own level very largely. Competition is much keener in the banking field than ever before, and that very fact in itself, I think, cures any situation which might not be just—

Q. Are you acquainted with the work of the Federal Reserve Banks in the United States?—A. I have a fair knowledge of it, yes.

Q. You know the process by which they control the price of money?—A. I have a rough knowledge of it.

Q. Would you like to give an opinion as to whether or not you think it might be wise for us to have a similar institution for the control of the price of money in Canada?—A. I do not believe it is necessary under our system; I believe it was a very necessary thing for the United States, where they had a multitude of small banks and no co-ordination in financing, but I do not believe it is necessary for this country.

Q. I understood you to say a moment ago that our competition in banking was so keen here that we could pretty well be assured that the rate of interest would stay at its proper level. The competition in the United States in banking is surely much greater than in Canada, if they have more banks?—A. Not necessarily; they are largely these local banks with a very, very narrow scope.

Mr. ERNST: And monopolistic in their area.

By Mr. Irvine:

Q. I do not think there is any doubt that the greater the number of institutions the greater the competition. The wrecks lying along the road prove that. But I am not quite sure as to why you assume that competition in itself is sufficient to regulate the price of money to its proper relation with the price levels of the country, since there are no regulations.—A. I have nothing further to say on that point.

[Mr. C. S. Tompkins]

Q. I think perhaps my questions at least are outside the professional duties— —A. The practical practices. I say, with all respect, that I think you are dealing with a theoretical or economic side of the question, and possibly you might find more valuable witnesses than I in that respect.

Q. I would not say that, but perhaps you are not bound to answer this question.

Mr. YOUNG (Weyburn): Mr. Irvine, you spoke of the proper relation to the price level. What do you mean?

Mr. IRVINE: I would answer that by asking my hon. friend if he thinks there is a proper relation.

Mr. McLEAN (Melfort): It seems to me the law of supply and demand would control that.

By the Chairman:

Q. Have we not a legal lending rate in Canada?—A. The banks cannot recover in excess of 7 per cent.

By Mr. Spencer:

Q. You say a bank cannot recover if a charge is more than 7 per cent?—A. No.

Q. There is a legal limit in that respect?—A. Yes.

Q. No penalty behind that?—A. No.

Q. Therefore there is nothing to stop a bank charging 17 per cent if it can collect it?—A. I have not heard of such a fancy rate as that.

Q. There is no limit for the bank going above 7 per cent?—A. No; that has been considered in making various revisions of the Act.

Mr. SPENCER: We moved an amendment to put a penalty there, but the forces were too strong against us.

Witness retired.

ARTHUR E. DARBY called and sworn.

By the Chairman:

Q. Now, Mr. Darby, would you just open by making some little presentation, and we will find ample questions to ask you as you proceed?—A. With your permission, Mr. Chairman, I would like to make a statement and then perhaps at the conclusion of the statement I may be questioned, and I will be glad to answer any questions if I can.

The policy of the Canadian Council of Agriculture on banking reform—

By Mr. Ladner:

Q. Perhaps you would state at the beginning your position and your experience.—A. My position, Mr. Chairman, is that of Director of Economic Research for the Canadian Council of Agriculture. I have held that position for some four years, having been connected with the farmers' movement for some time before that.

The policy on banking of the Canadian Council of Agriculture—

By Mr. Harris:

Q. I would like to know if you are here of your own volition, or on resolution from the Canadian Council of Agriculture?—A. The position, Mr. Chairman, is that I was in Ottawa on other business, and in view of the adoption by the Council of the policy which I am about to describe to you, it was felt by

[Mr. Arthur E. Darby.]

some of our western friends that the committee should be put in possession of the views of the Council on this matter. The statement which I shall make embodies a memorandum adopted by the Canadian Council of Agriculture early in the year 1927.

By Mr. Matthews:

Q. What is the Canadian Council of Agriculture?—A. The Canadian Council of Agriculture is the nearest approach to a national organization which exists in the farmers' movement. At the present time it consists of representatives of the United Farmers of Ontario, the United Farmers of Manitoba, the United Farmers of Alberta and the United Grain Growers, Limited. At the time of the passage of this resolution the Farmers' Association in Saskatchewan was also a member of the Council, but that body is no longer in membership.

By Mr. Harris:

Q. The resolution cannot be very long; will you give us the resolution of the Council of Agriculture which you have on record?—A. I have no specific resolution, Mr. Chairman, authorizing me to appear before this committee, but the memorandum, which I propose to summarize for the benefit of the Committee, was formally adopted by the Canadian Council of Agriculture, and I have no doubt at all it is the wish of the Council that I should present its policy to this committee.

The CHAIRMAN: What the committee is anxious to have is any grievances or complaints which you feel should be presented to it.

The WITNESS: The Council meets only twice a year and it would be very difficult to get such a specific authorization in time for the work of this committee.

By Mr. Harris:

Q. Are you giving your own views to this committee, or the views of the Council of Agriculture?—A. The views which I am about to state are the views adopted by the Canadian Council of Agriculture specifically at its annual meeting in 1927. I could file with the committee here, by sending to Winnipeg, the terms of the resolution adopting this statement.

Q. I want to make sure that the Council of Agriculture will endorse everything you say.—A. I will be very careful to confine myself to statements which will represent the views of the Council, so far as I know them.

These questions, Mr. Chairman, are naturally approached by the Canadian Council of Agriculture from the standpoint of the immediate requirements of agricultural communities and their satisfaction with the least possible disturbance of existing institutions rather than from that of devising an ideal system of currency and banking. The latter problem is international in its scope, and its solution will necessarily be hampered by consideration for the actual economic conditions and the political exigencies of the various countries affected. Monetary reform must be achieved by an evolutionary process in which the steps will be taken under pressure of circumstances and will consist of expedients designed to overcome immediate and practical difficulties. The deliberate adoption of any new and revolutionary theory need not be anticipated.

During the disturbances of the last 12 years the currency of Canada exhibited, in comparison with that of other countries, a high degree of elasticity and suffered less inflation and depreciation than most other currencies. The return to the gold standard in Canada resulting from the re-establishment of freedom to import and export gold, and of note redemption, in July of 1925, was accomplished without difficulty—almost, indeed, without attention being drawn to the change. Currency reform in Canada, therefore, should be incidental to reforms in the banking system of the country.

[Mr. Arthur E. Darby.]

Consideration of the banking system in Canada leads to the conclusion that dissatisfaction with it is felt chiefly by agriculturists. Considered as classes, industrialists, merchants, traders in general and the professional workers are not the complainants. In fact, banking has been developed to meet the needs of the commercial and industrial classes. Banks exist to make profits and have naturally developed the best-paying services. In comparison with industrial production and commercial activities, agriculture is slow in turnover and less certain of its results in terms of profit and loss. It is a primary industry; that is, it produces the commodities which the secondary industries and the traders use as the basis of their activities. It assumes the real risks incidental to production; the secondary industries assume risks also, but to a more limited extent.

No surprise can be felt that banking has not developed services peculiarly adapted to agricultural needs. The rapid growth of industrial enterprise and commercial undertakings has offered an inexhaustible sphere of legitimate service and profit-making for banks. But the need of agriculture for banking services has become the more pressing in proportion to its neglect. The immediate and practical question, therefore, is: Can the existing banking system adapt itself to agricultural needs? If not, new institutions which can do for agriculture what the banks cannot do, or do not find profits sufficiently attractive in doing, must be set up.

To some extent, of course, the banks have given service to agriculture and the other primary industries. They have been eager to obtain their deposits and they have financed agricultural operations—though upon terms which are regarded by agriculturists as unduly onerous. In Canada the chief financing of agriculture has been done by mortgage loan companies. Here again agriculturists complain of the comparatively high costs of the services rendered. Whether the complaints of agriculturists of excessive costs of financing are justified can be determined only by experience gained in attempting to satisfy their needs more cheaply and efficiently. The existing agencies assert the justice of their charges in relation to the risks incurred, the duration of loans and the costs incidental to the provision of the services. That other nations, confronted with similar needs, have been compelled to devise special machinery for financing agriculture and mobilizing the borrowing power of the less wealthy classes is a matter of record.

Students of agricultural financing agree in the conclusion that the ordinary commercial banks are not adapted to serve agriculture as cheaply and efficiently as they serve industry and commerce. But in endeavouring to determine what reforms are practicable some attention must be paid to the nature of the need to be satisfied. Long-term loans do not fall within the scope of this discussion since it is not, as a general rule, part of the function of banks to provide such accommodation. Such loans are usually made on the security of land mortgages, which represent more permanent investments than banks, as such, find desirable. It ought, however, to be pointed out that in the absence of adequate facilities for bank, or short-term loans, the tendency to use the land mortgage loan for purposes to which it ought not be applied is encouraged. When this is done loans are apt to be larger than required, the proceeds of the reproductive operations financed are not applied to the immediate liquidation of the loan as would be done in a commercial or industrial transaction, and the borrower is insensibly led into bad financial practices.

Strict definition of the proper uses of the mortgage loan is a real need. If such be made it will be realized that what is really lacking is the machinery by which agriculturists may finance operations covering short and intermediate terms (six months to three or four years) without resort to the mortgage as primary security. Long-term mortgage loans occupy a field to themselves, but

[Mr. Arthur E. Darby.]

short and intermediate loans for reproductive purposes fall within the scope of banking operations. If such loans can be properly made, the effect must be to increase the yearly net income of the agriculturist and, therefore, to improve his position as a borrower on mortgage, enabling payments of interest and principal to be made with greater ease.

The provision of short and intermediate term loans to primary industries, like agriculture, entails for the ordinary bank a larger element of risk than is consonant with low charges, and a tendency to "frozen" loans. In the opinion of many these factors operate more powerfully on large centralized banks with many branch offices, such as exist in Canada, than they would do upon small "local" banks. The small bank must of necessity, it is argued, keep in close touch with local needs and be managed with more regard to individual character and opportunities.

On the other hand, greater stability and power to withstand financial vicissitudes is conferred by the system of large centralized banks, operating through local branches. In any case, the ordinary commercial bank, operating for profit, cannot cover the whole field of short-term and intermediate credit. Co-operative credit societies or co-operative people's banks alone can serve the needs of some classes in the community. That groups of people, organized co-operatively, may command credit which as individuals they cannot command is now generally recognized.

It may be, as European experience would seem to indicate, that in co-operative credit and banking lies the salvation of agricultural finance. Banking, like any other human activity, will depend for its success—its safety, combined with satisfactory service—upon the quality of management and direction it receives and the loyalty of those interested and concerned in the business. No laws and no governmental agencies can guard against the effects of incompetence and apathy though they can detect and punish the incompetent and the criminal. The condition to be avoided is that in which, through over-anxiety to protect people from the consequences of their own mis-management and lack of interest or precaution, the development of institutions suited to their peculiar genius is prevented. The application of initiative and energy in banking is just as necessary as in any other sphere and the conclusion can hardly be avoided that Canadian banking law does almost completely close the door to the development of institutions calculated to solve the problems associated with short-term and intermediate credit for farmers and other classes whose individual resources are inadequate to supply their credit needs, however sound "moral risks" they may be.

The CHAIRMAN: I do not want to interrupt you, but I think the Committee would like to know if there is much more of that, and if it would not be possible for you to eliminate any further reading—

The WITNESS: It will not take very long.

Mr. LADNER: This is the finding of a very important body, the Canadian Council of Agriculture—and I think it is highly important that the report of their conclusions be included in their report.

Sir GEORGE PERLEY: Are you reading from a pamphlet?

The WITNESS: I am reading from the substance of a memorandum adopted by the Canadian Council of Agriculture as its banking policy.

Sir GEORGE PERLEY: And printed where?

The WITNESS: Printed in Winnipeg.

Sir GEORGE PERLEY: Printed by the Council for circulation?

The WITNESS: Yes.

Sir GEORGE PERLEY: Privately or for general circulation?

[Mr. Arthur E. Darby.]

The WITNESS: For its own members, yes.

Mr. McLEAN (Melfort): Perhaps Mr. Darby could hand this in for the records, and the Committee could read it at its leisure; I do not think it is necessary to wait for him to read it now but he might deal with the salient features of it.

The WITNESS: My fear is that the proposal put forward by the Council cannot be understood without the introductory matter; this is clearing the ground in order to understand what the Council is driving at. I think if I read only the concrete suggestions, the Committee would not understand what was in the minds of the Council, and perhaps might misjudge them.

The CHAIRMAN: Go ahead.

The WITNESS: Existing legislation confers a virtual monopoly on the large chartered banks and the state itself aids them in their operation. The protection of bank shareholders and depositors by laws regulating banks has, it is true, become essential. The individual shareholder or depositor finds it impossible to exercise supervision over, or to obtain sufficient knowledge of, the banks' operations and is, therefore, unable to protect his own interests. The state has been compelled to place the banks under legal necessity to supply certain information, to maintain certain reserve funds and to comply with regulations calculated to protect their shareholders and depositors.

Confidence in the existing banks—and confidence is the basis of all banking operations—has been maintained by this legislation. But the ability of the people at large to establish banks as and when their interest dictates has been almost completely sacrificed. Regulation by the state bids fair to develop a monopoly in banking which may ultimately compel state ownership and operation of banks. If private initiative is to be invoked in the solution of the credit and banking needs of agriculturists and other classes similarly placed, those engaging in the enterprise must be prepared to accept its risks along with its benefits and legislative regulation must be relaxed sufficiently to enable private enterprise to be applied under favourable conditions. The state must either provide banking institutions adequate to the needs of the people, or it must so frame its regulatory legislation as to enable the people to provide them for themselves. To place in the possession of a few large corporations existing for private profit a quasi-monopoly which fails to satisfy the whole requirements of the people, or which has the power to refuse satisfaction except at undue cost, is an abuse of legislative power. If the State, on the other hand, places it in the power of its people to establish institutions suitable to their needs, or to set up banking facilities in competition with those already in existence, if they fail to render service or render it at undue cost, a valuable corrective is supplied even though the powers in question may never be exercised. No monopoly exists when individuals or groups are at liberty to provide their own banking services; but this liberty is not enjoyed when legislative restrictions are onerous or in practice prevent new institutions from being developed. To restore a lost liberty, or power for self-service, is not to compel action to be taken or the power to be made use of.

In the gradual evolution of the laws governing Canadian currency and banking some anomalies have inevitably arisen. Thus our metallic coinage is still provided by a royal mint belonging to the British government. Some regulatory functions in relation to banks are exercised by the Canadian Bankers' Association, some by the Treasury Board and some by the Department of Finance. In existing conditions these anomalies produce no very undesirable results; but conditions are constantly changing and legislation should be as far as possible drawn to permit of legitimate changes and developments freely taking place.

[Mr. Arthur E. Darby.]

The issuance of currency is commonly regarded as a governmental function, and while some portion of Canadian currency is provided by the Dominion government, by far the greater amount in ordinary circulation is issued by the banks themselves under conditions laid down by the law. The withdrawal from the banks of this privilege would constitute a revolution in Canadian banking, only to be justified by the existence of serious abuses. No abuse of the right to issue currency is known to exist. But circumstances may easily arise in which a national currency, in the strict sense of the term, might be required and the establishment betimes of machinery capable of supplying that requirement without dislocation of business or serious inconvenience would be a wise provision.

Similarly the double liability now resting upon bank shareholders, however suitable to existing conditions, could not be insisted upon in relation to banks founded under different circumstances or to co-operative banks. A treatment of shareholders in banks different from that of shareholders in other corporate businesses is not, in itself, very desirable nor has it been as effective as may have been anticipated. Provision for its removal if and when banks surrendered or lost the right to issue currency might reasonably be made. Consolidation of the scattered functions performed by the Treasury Board, the Department of Finance, the trustees of the gold reserve, etc., would lend greater stability and coherence to the banking system and would enable changes to be made in response to changing needs with less resistance and confusion.

In the light of these considerations, and of considerable study of banking conditions and institutions elsewhere, the following suggestions are advanced as embodying a policy which would be of benefit to the rural communities and of benefit also to the banking system of the country in its relation to the future needs of the people:

1. The establishment of a National Bank of Issue and Re-discount. In this bank stock would be taken by the Dominion government, the chartered banks in proportion to their capitalization, and, in certain circumstances, the provincial governments. To it should be transferred the duties now performed by the Treasury Board, so far as they affect those banks, and the Canadian Bankers' Association, together with the custody of the central gold reserve and the circulation redemption fund. Government banking should also be handled by the National Bank. The bank should not receive deposits from the public or carry on a general banking business in competition with the chartered banks. It should take over the Dominion note issue and the making of loans to banks such as are now made under the Finance Act, expanding this function as the need develops into a general re-discounting business similar to that done by the Federal Reserve Banks in the United States.

Ample business for a National Bank is already available, but its readiness to conduct re-discounting business—to act as a bankers' bank—will make possible the relaxation of the present quasi-monopoly enjoyed by the 11 chartered banks through the passage of legislation enabling local banks to be established where there is the genuine need and desire to establish them. This brings us to the second suggestion:

2. The Bank Act to be amended or a supplementary act passed permitting the formation of local banks with a minimum capitalization of \$35,000. Might be increased to \$50,000. These banks would not be permitted to issue notes or to make loans in excess of a given multiple of their capital. They would be required to obtain currency from the National Bank by deposit of securities and re-discounting (the National Bank maintaining an adequate gold reserve) and to deposit a percentage of their deposits with the National Bank as a reserve (say 15 or 20 per cent). In return they would enjoy the re-discounting privileges extended by the National Bank. They would be subject to strict inspection

[Mr. Arthur E. Darby.]

and the National Bank might, under safeguards, be empowered to institute a receivership and wind them up if and when improper management occurred.

This would mean the creation of a distinct class of bank, doing a local business and using national currency, whose shareholders and depositors (to a small extent) would be subject to ordinary business risks like the shareholders of any other concern. The shareholders in such banks would not be subject to the double liability; on the other hand, the banks would not be liable for note circulation and would maintain a reserve for the protection of depositors. The maintenance of a sufficient reserve against deposits should be required of the present chartered banks also.

3. Any bank chartered under the present law should continue unaffected, except by the changes resulting from the substitution of the National Bank for other regulating agencies and by the institution of a reserve against deposits. But any such bank desiring to relinquish the right of note issue should be permitted to do so, its shareholders then being relieved of the double liability.

4. To some extent the intermediate credit needs of agriculture would be met by the chartered banks under pressure of the possibility of competition from local banks, or by means of actual competition from this source, supposing the public to avail themselves of the opportunity provided. But in order to enable farmers and citizens of small means to obtain the benefit of joint credit on personal and chattel mortgage security, provincial and federal legislation should be passed enabling co-operative credit societies (short and intermediate) and people's banks to be set up. This legislation ought to be merely permissive. No pressure should be exerted to encourage premature ventures into co-operative finance. It is to be presumed, however, that, if the complaints of farmers and others against existing banking and credit agencies are well founded, they will in course of time realize the value of co-operation as the real remedy. When that takes place the legislation will direct their efforts to help themselves by joint action and liability.

Such co-operative credit societies and banks should be permitted to do a re-discounting business with the National Bank under proper regulations. If formed under provincial legislation the provinces might be required to take some amount of stock in the National Bank proportioned to the use made of it by the co-operative societies and banks.

Ample material and experience to form the basis for such proposed legislation is available. The *Caisses Populaires* of Quebec and the many examples of co-operative credit organizations should enable permissive laws to be drafted with comparative ease.

The suggestions made do not go extensively into detail. It is inevitable that innumerable points will arise in discussion of them which cannot be dealt with in a short statement. But the major issues have been touched upon and such a policy as that described would, if adopted, make a beginning with nationalizing the currency and would clear the ground of many difficulties at present imposed upon those who would endeavour to apply their own energy and initiative to the solution of their financial problems. The main consideration is to avoid too much paternalism and state intervention in the performance of economic functions. Hence the recommendation of permissive rather than mandatory measures, accompanied by relaxation of legislative restrictions productive of the existing quasi-monopoly in banking.

That Mr. Chairman, represents the policy adopted by the Canadian Council of Agriculture.

By Mr. Ladner:

Q. What is the proper name of the Act, Mr. Darby?—A. The Federal Farm Loans Act.

Q. To what extent does that Act solve the problems of the agriculturist who, under your memorandum, are dealt with, or cannot be dealt with by the existing banks?—A. I think, Mr. Chairman, the answer to that is that it does not solve the short term and intermediate credit problems of the farmer at all. It is the long term loan scheme based upon a mortgage. The point I want to bring out in the memorandum is this: that if you use the long term mortgage loan for short term purposes, you lead the farmer into bad financing. I rather imagine that this new scheme has been so far adopted in the provinces of Alberta and Nova Scotia, but it will not remedy the circumstances with which the memorandum primarily deals.

Q. What do you consider to be the object of the loan?—A. For productive purposes. Agricultural operations take a longer time than commercial operations. These are only sufficient to cover the reproductive purposes of the agriculturist, and the profits should be used to pay off the loans.

Q. What period do you suggest?—A. I would say that anything from one to two years would constitute an intermediate farm credit.

By Sir George Perley:

Q. Is there any statute under which a co-operative society can be formed?—A. I do not think there is any Federal legislation actually governing the formation of co-operative societies. Some of the provinces have such legislation, but there is no federal legislation of that character.

By Mr. Ladner:

Q. It is a provincial matter?—A. Yes.

By Sir George Perley:

Q. I remember it being discussed some years ago, very fully, in the House, but I cannot remember whether any statute was actually passed or not?—A. I think not. We had Bills before the House many times. I remember what you refer to.

Q. There was a lot of discussion about it?—A. Yes, but no legislation was passed, as far as I remember.

By the Chairman:

Q. Mr. Darby, each province has some loaning system of its own?—A. Yes, but the most successful system is the long-term loan based upon mortgage securities.

By Mr. Matthews:

Q. Can you state in general terms that the present banking system does not meet the needs of the agriculturist of the West?—A. No evidence has been given to that effect.

Q. No supporting statement; it is merely a general statement?—A. Quite.

Q. You just state that something is required in addition to the present system; is that purely an assumption?—A. There has been a mass of experience brought to the attention of the Canadian Council of Agriculture. I think the hon. member will find that in the West there is a very general appreciation of the fact that their intermediate term credits are not being taken care of along proper lines, under the present system. You will find complaints that individuals cannot get money from the banks. The banks give certain reasons for not making the loans. We have been getting a number of instances of extreme hardship.

[Mr. Arthur E. Darby.]

By the Chairman:

Q. At the beginning of your statement, I think you stated that one of the provincial organizations was the Saskatchewan organization, which at the time this resolution was passed, was a member, but is not now a member. It not being a member now, is no reflection upon this memorandum?—A. None whatever.

Q. It is only a difference of opinion that might exist?—A. It arose, Mr. Chairman, out of two different farmers' bodies in Saskatchewan. An entirely new body was created, which was not in membership with the Council. Generally speaking, that represents the view of the farmers of Saskatchewan as well as others.

By Mr. Woodsworth:

Q. I think the Saskatchewan farmers should go a little farther than that. What do you say to that?—A. I think the Alberta farmers would go a great deal farther than this memorandum goes.

By the Chairman:

Q. Money is not so hard now?—A. No, sir. It is a question of devising machinery which will really serve the productive operations of the agriculturist. There is a handicap in the non-existence of these institutions.

By Mr. Cayley:

Q. The provinces do not deal with that?—A. I think banking is specifically excepted, from the operations of the Act. There are certain provincial institutions which provide long-term loans, in Saskatchewan and Manitoba, and in most of the other provinces, but they are not operative.

By Mr. Matthews:

Q. Would you care to state to the Committee what rate of interest the banks are charging in the West to-day, to farmers?—A. I have no information whatever as to the banks. I know the loan companies' rates of interest. It would certainly be eight per cent. The prevailing mortgage loan rate of interest in Manitoba at any rate to-day on good risks is seven per cent.

By the Chairman:

Q. May it not be that the rate is somewhat higher than it ought to be, on account of local legislation, which makes farm loans not as desirable as they should be?—A. That is one cause.

By Mr. Ladner:

Q. The Canadian Council of Agriculture was favourable to the establishment of a Federal Reserve Bank for re-discounting?—A. Yes.

Q. In such a case, how would you propose to organize the management or the directors?—A. We have not gone extensively into the details. We imagine that once the principle is accepted, the establishment of the actual machinery would not be a difficult matter, in view of the existence of similar banks in Great Britain and in the United States of America.

Q. We found in 1923 that that would be a very very important matter. The point would be, to what extent would such a bank be controlled by the existing banks, or whether it should be a Federal bank; my point is whether your Council has considered such a question, and if so, whether they have any suggestions to offer?—A. I think we have considered that specifically.

By Mr. Woodsworth:

Q. I notice that Mr. Darby suggests that a plan should be adopted such as the Federal Reserve, that is, that stock should be taken by the banks in proportion to their business. Might the result not be the same in that case, as I understand is the case on the other side, that the authority rests very largely in the hands of the banks and particularly in the hands of the large banks?—A. I think you must have the central authority in some hands. I cannot imagine it being in better hands than experienced bankers. Banking is a trade, and must be carried on along trade principles. I cannot imagine that any other kind of control would be acceptable. In addition to that, we have the experience of the United States in the last two years which has been pretty conclusive upon that point. I would go so far as to say that the Federal Reserve Bank, and the Bank of England have had an enormous and beneficent influence throughout the world.

By Mr. McLean (Melfort):

Q. Would you mind describing or accounting for the extreme deflation of the American farmer as compared with the comparatively sound conditions in Canadian agriculture, in its relationship to the Canadian banking system?—A. In what period?

Q. Say in the last five or six years?—A. I would say this, that a large proportion of that ground was covered in the evidence given to this committee in previous years. I would not be prepared to discuss the question of how far the Federal Reserve bank system has been responsible for or at the bottom of these increased prices. I think that is a very difficult question to deal with and hard to tie up, as a matter of fact.

Q. My brief study of the Federal Reserve in the United States, in the past two years, indicates to me that it has been unsatisfactory in helping the farmers on the land. I do not pretend to pose as an authority, but I would like to ask you what you think of it, during those two years, as compared with our perhaps more careful banking system, and smaller or lesser deflations and sounder conditions in agriculture to-day, in western Canada; do you agree that the Federal Reserve Bank has not been satisfactory in the last two years?—A. I think it is only fair to say that in the last two years my attention has been directed to matters other than banks, but I would say that there are a great many factors operating in the United States, other than the factors named, and you have to get at all the factors concerned, in order to arrive at a definite conclusion.

By Mr. Robinson:

Q. Can you say anything about the loan companies of Alberta?—A. I think, if I may say so, that the facts in regard to the actions of certain loan companies in Alberta, are fairly well known. They were dealt with at the last meetings of this Committee, and are on record. They have reference to the legislation referred to a few minutes ago.

Q. I thought it was on account of the Government issuing some telephone debentures, which would be considered a first mortgage?—A. It hardly seems to me to touch the original question at issue. It applies to a particular province.

Q. They cannot borrow from the banks on mortgages?—A. Quite so. Undoubtedly it has affected the situation. But it does not affect the whole question as dealt with in my memorandum.

The Committee then adjourned until Thursday, March 15, 1928, at 11 o'clock.

COMMITTEE ROOM, No. 429,
HOUSE OF COMMONS,
March 15, 1928.

The Select Standing Committee on Banking and Commerce met at 11 o'clock, A.M., the Chairman, Mr. F. W. Hay, presiding.

Albert E. Phipps, called and sworn.

The CHAIRMAN: Mr. Phipps, perhaps we ought to submit to you a series of questions, but it is open to you to go on as you please. You will find that there will be ample questions submitted to you later on. Would you prefer just to make a statement?

The WITNESS: Yes, I would, Mr. Chairman. I have one here which I will read:

In the beginning of organized banking in Canada over one hundred years ago, three features which have persisted up to the present characterized the system:

- (1) The establishment of branches;
- (2) Note issues against the bank's assets;
- (3) No lending on mortgage of real estate.

All three were essential, if the growing country was to have adequate and continued banking services. The centres of population must supply banking capital for the outposts—hence branches; banks must have till money free of cost, if banking facilities were to be afforded in newly established communities—hence the note issue privilege; and there must be no lending on real estate because land speculation was rife and liquidating was essential and the antecedent experience in the United States of lending against land had brought financial disaster and would soon have had a like result in Canada.

Other features have followed. Special forms of security, to facilitate the marketing of timber in the early days and of wheat, wood products and manufactures in these latter days, have been devised so that the system is an evolution expanding or changing from time to time to meet the actual conditions in the development of the country.

The whole system has been exhaustively examined by Parliament within the past five years and nothing has arisen since the last amendments were made which would seem to call for structural changes. In fact the system, it is submitted, is meeting the banking needs of the Country adequately.

BANK NOTE ISSUE PRIVILEGE

The bank note issue privilege has been mentioned. In some respects this has been from the standpoint of the national interest a very important feature of our present system and if abolished, certain results would inevitably follow. By way of preliminary it should be said that the Government notes, backed substantially by gold, are the main currency of the country—the backbone of our currency system. All adjustments of the trade and business of the country that go through the banks are settled in the Government's currency. If one bank, in the operation of

[Mr. Albert E. Phipps.]

the clearing house system, where virtually all commercial transactions in the Country are adjusted, owes another bank, and included in this obligation will be its own notes held by the creditor bank, the settlement is made in Dominion notes. Dominion notes in turn represent gold because they are convertible into gold. Thus it is a mistake to suppose that the currency of the banks, important in some respects as it is, is the controlling feature of our currency system. The Government's issue is the real and only legal tender in the form of note currency of this Country.

But there is a function of great importance to this country which the bank note issues perform. The banks have their own notes in the tills of every branch. They are not a liability there; it costs nothing in the way of interest charge to carry them. Depositors desiring cash are given the bank's own notes, and they also are the basis for moderate loans, though soon after the loan is made or the depositor makes a purchase with the notes he has received they have to be redeemed in Dominion notes in the clearing settlements. In many communities in this country, if the banks had to carry in their branches till money in Dominion notes or the notes of any central institution, for which the banks would have to pay cash, then these communities would of necessity not have banking facilities, for the business would be conducted at a loss. In other words, the local community could not support a branch bank if the interest on the unused cash in the bank's possession had to be paid out of the profits there received. It would therefore have a revolutionary effect in Canadian banking to take away the note issue privilege against paid-up capital, because many communities now receiving banking facilities would be deprived of these facilities and new communities which are constantly growing up, particularly in the Prairie Provinces, would for many years be without the banking facilities which they would otherwise have under the present system of note issue.

Finally, Canadian bank notes to-day have the hallmark of a genuine currency. The value of the bank note is unquestioned and with the protective features now in The Bank Act, it is inconceivable that any holder of it would ever sustain a loss.

CENTRAL BANK PROPOSAL

The establishment of a central bank of rediscount, under the control of the Government, has been suggested. Anyone familiar with the development of our present system knows that there is to-day in Canada in effect a central bank of rediscount, with scarcely a dollar of additional cost and without any of the elaborate machinery which characterizes such institutions in other countries. Under the Finance Act the banks with the greatest ease can now obtain from the Treasury Board Dominion notes against securities, to furnish currency for the movement of the crops, and other natural products, or finished manufactures from the point of production to the consumer.

The banks have to pay interest to the Government on these advances. In consequence, the banks repay the Government the currency as fast as possible; just so soon as the particular operation for which the Dominion notes were borrowed is complete, the bank returns the notes to the Government. Thus the tendency to inflation is controlled, and the history of the operation of The Finance Act both before and since the Act was made a permanent part of the financial structure of the Country in 1923 shows that its operations have been kept within moderate and

[Mr. Albert E. Phipps.]

legitimate bounds. Even before The Finance Act, our system, as distinguished from the banking system of the United States before the Federal Reserve Act, provided a flexible currency—that is to say the bank note issues could be enlarged within reasonable limits to meet seasonal requirements; and when these were taken care of the issue would automatically contract, but with the added Finance Act, now a permanent part of our monetary system, nothing in the way of legitimate trade or expansion can ever be hampered by a lack of currency.

THE COMMONWEALTH BANK OF AUSTRALIA

Citation has been made of a central banking institution, the Commonwealth Bank of Australia, and emphasis has been laid on the direct advantage it is to the State in the profits it turns over to the Treasury.

The Commonwealth Bank of Australia was established about the year 1912, legislation therefor being passed in the year 1911.

It is scarcely possible to make a banking comparison between Australia and Canada, owing to the great difference in conditions. The Commonwealth Bank, while authorized to carry on a general banking business, it should be said at the outset, does this to a limited extent only. The last published available statement of the Commonwealth Bank dated 30th June, 1927, shows total assets of £139,000,000 and of this great total approximately £79,000,000 were in Government and other fixed securities. The total amount of real banking business among its assets was £19,500,000 in the form of bills receivable, bills discounted, loans and advances, and other sums due to the bank. From this it will be apparent that the Commonwealth Bank is not a commercial institution but has been used chiefly as a means for supplying loans to the Government of the Commonwealth and various other governmental agencies.

Reference has been made to the profit to the State which the Commonwealth Bank brings. For the year ended 30th June, 1927, the profits from the banking business, apart from the note issue profit, have been declared at £580,000, the bulk of which was made through the taking in of deposits at a low rate of interest and investing in securities at a higher. One half of these profits went to the Reserve Fund of the bank; and the other half was contributed to the national sinking fund.

During the like period the sum of £1,136,000 was derived from the Note Issue Department, the Note Issue Department and the general business of the bank being kept entirely separate. Of this sum £852,000, or something over \$4,000,000, went to the Commonwealth Treasury. These profits of the Note Issue Department were wholly derived from the annual dividends accruing from £25,000,000 of debentures and other securities which are held in that Department against the issues of the Commonwealth Bank's notes.

It will probably be a matter of surprise to many to know that Canada derived from its note issues and from the tax on circulation of bank note issues an advantage greater than \$4,000,000 during the past year. The Government of this country has in fact received \$63,500,000 for its note issues which sum has not been invested in securities as in Australia but has been used to meet current obligations of the Government from time to time. The Government in this way avoided the borrowing and payment of interest on this sum. Of this \$63,500,000, \$41,000,000 was received by the Government from the banks in exchange for its notes during the early part of the war period. The first of these free issues dates from Confederation as at the Union \$2,400,000 or there-

[Mr. Albert E. Phipps.]

abouts of uncovered issues, the liability therefor being assumed by the Dominion, were outstanding. If the Government of Canada had taken the credits created in its favour in the banks in exchange for these issues and invested in securities as in the Australian case, it would be receiving for Consolidated Fund Account, the borrowing rate at the time these emissions were made being considered, at least \$3,000,000 per year in interest. As it is, the Government of Canada has had the use, free of interest, of this sum. Its currency issues are nevertheless just as good as the Australian for its promise to pay is as good a security as the debentures which the Commonwealth Bank's Note Issue Department holds against its issues.

In addition to the \$3,000,000 referred to, there is approximately \$1,200,000 which the Government of Canada annually gets in the 1 per cent tax upon bank notes in circulation against capital, and the income derived from the issue of Government notes to the banks under the Finance Act, as well as the tax on excess circulation of the banks. It is submitted that the Government of Canada has directly and indirectly derived and is deriving from the note currency of the country advantages out of its own currency and the circulation privilege of the banks that compare favourably with those derived in recent years by the Commonwealth of Australia from its control of currency issues. In this connection it should be noted that the Commonwealth Bank is paid by the Government of Australia for many services such as are rendered by the banks of Canada to the Government of this country free of charge.

UNIT BANKS WITH LIMITED CAPITAL

As a collateral to the Central Bank idea it has been suggested in some quarters that if a central bank were in operation and legislation were introduced permitting the establishment of banks with a minimum capitalization of \$50,000, these institutions having the right and privilege of obtaining currency from the national central bank by deposit of securities and rediscounting, great advantage would result to agricultural interests. (See "Currency and Banking Reform" proposals by A. E. Darby, considered and approved by the Canadian Council of Agriculture a year or two ago.)

The record in recent years of small banks in the United States in agricultural communities is one of disaster. In the first place the banks with the small capitalization rarely, if ever, have securities which measure up to the rediscount requirements of the Federal Reserve System, so they cannot take advantage of the system. Between the years 1921 and 1926 inclusive, 2,687 State banks failed in the United States, the most of these in agricultural communities with conditions comparable to those in the Prairie Provinces. For example, there were

279 failures in North Dakota
 236 failures in Kansas
 212 failures in South Dakota
 186 failures in Minnesota
 145 failures in Missouri
 130 failures in Montana.

These are the figures presented by the Economic Policy Commission of the American Bankers' Association and published in the November, 1927, issue of the journal of that association.

[Mr. Albert E. Phipps.]

Edmund Platt, Vice-Governor of the Federal Reserve Board, Washington, discussing in the Trust Companies Publication, June, 1925, this great volume of failures "in our agricultural states," says:—

It seems to me that the remedy is clearly suggested by the evidence presented. We must have larger banks, banks large enough to afford good management and large enough to spread their risks over a variety of industries and over a considerable territory. The larger banks have a better chance to weather financial storms because they are able to secure, and generally do secure, good management, and also because they are not under the same temptation to put all their eggs in one basket. The large bank serves, as a rule, a greater variety of industries than a small bank and often spreads its loans so widely that it cannot be vitally affected by disaster to any one industry.

Branch Banking and Safeguard.—If we must have larger banks in order to afford good management and to give the management a fair chance for success then we must either subject many people living in small communities, or in rather thinly settled agricultural communities to great inconveniences or we must provide them with banking accommodation through branches—not necessarily on any very large scale as in Canada—but on a scale large enough to serve the people adequately and safely.

THE GOVERNMENT IN THE LENDING BUSINESS

One suggestion has been put forward—that if Canada had a central banking system, strong commercial organizations might pledge their securities directly with the Government bank and receive Dominion notes with which to carry on operations without the intervention of any bank. The Wheat Pool has been instanced as one organization with which this might be done. If this privilege were granted to the Wheat Pool, surely it could not be denied to its rivals, the non-pool grain companies, which are equally worthy organizations, and if to these, why not to every kind of organization with supposed creditable financial standing? Are the people of Canada prepared for the risks incident to such a radical departure from currency control and safety, and for a form of banking not practised in any country, I believe, in the world to-day?

Let us examine the proposal: Under the present system the Government obtains the endorsement of the bank and has a first claim upon all of the borrowing bank's assets, in addition to the particular assets pledged. That makes the Government fully secure. The bank to-day takes the risk of lending. While the Wheat Pool has been prosperous in the few years it has been operating, agricultural pools on this continent have not had an unbroken record of financial success. It is believed that the people of this country are not willing to have the currency of the country involved in the risks and hazards attending the conduct and operation of any commercial or trading organization, or combination of these.

CONTROL OF CREDIT

Emphasis has been laid upon the supposed control of credit by bankers. In a limited sense bankers control credit. That is to say, the banker can and does grant or withhold credit according as the enterprise seeking credit in his opinion will be successful from the standpoint

(Mr. Albert E. Phipps.)

of the borrower or the reverse. The banker is primarily and mainly concerned about the safety of his advances and the certainty that the advances will be returned within a reasonable time with adequate interest. He is not thinking about the volume of credit in the country nor the effect which the granting or withholding of credit in the particular instance will have upon the price level of commodities in the country. The banker, too, when he judges that speculation in any of its varying forms is getting beyond the safety line, limits credit in that direction, not because he wishes to discriminate against any class but because he believes the bank's advances are imperilled.

It is proposed that the State should through some such agency as a central bank control credit, and thus frustrate the designs of evil-minded capitalists with banking control in their hands against weaker industries or commercial interests. I am convinced that there is a great fallacy in the assumption that there ever has been in Canada any improper control of banking credit for such purposes. Intimacy for a good many years with banking operations in this country has never brought to my attention the slightest suspicion that any capitalists or group of capitalists have in fact prevented or attempted to prevent legitimate enterprise from receiving a fair measure of banking credit. If such were the fact anywhere in Canadian banking operations every general manager in the country would be aware of it.

Why suggest legislation, therefore, for supposed evils which are really non-existent?

With regard to the control of banking credit and incidentally prices of commodities, a very eminent banker and statesman in the United States, Mr. Secretary Mellon, recently said:—

Neither the Federal Reserve System nor any other system can control prices; while credit is one factor in influencing prices, it is neither the only factor nor the controlling one.

Governor Harding, for a number of years head of the Federal Reserve System in the United States, recently said in regard to a proposal that Congress should direct the Federal Reserve authorities to shape their policy so as to maintain the price level of commodities:—

Do not understand me as being out of sympathy with the objects of the Bill which Representative Strong has introduced in the House. I have merely attempted to give some of my reasons for believing that the object desired cannot be accomplished by the means proposed.

For these reasons I repeat that the Canadian banking system is meeting the banking needs of the country adequately and well.

That, gentlemen, is the statement I have prepared.

By Hon. Mr. Stevens:

Q. Mr. Phipps, before you are questioned by members of the Committee who have prepared a series of questions, may I ask what interest is being paid to the Government on advances under the Finance Act?—A. It has varied from five to three and three-quarters per cent; at present it is three and three-quarters.

By Mr. Ladner:

Q. Mr. Phipps, there are one or two questions I wish to ask you. Some of us are interested in the possibility of the establishment of something in the nature

[Mr. Albert E. Phipps.]

of a Federal Reserve Bank in Canada, or a central bank of rediscount under the Finance Act, and then working out something on the principles of the Federal Reserve banking system of the United States. In 1923, in the Banking and Commerce Committee, a proposal was put before that Committee by myself, and some of the functions of the Federal Reserve Bank, which would be applicable in Canada were outlined. It is on those functions that I wish to ask you certain questions, as briefly as I can. But, first, I want to get from you how you account for the variation in the number of banks. According to the record I have, in 1841 we had ten banks in Canada. To-day I believe we have eleven?—A. I think that is right.

Q. In 1867 we had twenty-two. In 1890 there were forty banks in Canada; quite a wide field of competition. In 1900 there were thirty-six banks. In 1910, twenty-eight; in 1922, or 1923, there were seventeen; and to-day there are eleven. How do you account for such an alteration in the banking operations of the country?—A. I would say that that is almost direct evidence that a regional bank does not serve the purposes of the country adequately.

Q. And in your opinion, is it desirable that we should have a smaller number of banks, and that a smaller number would be more useful?—A. I would not say a smaller number than there are at present; but I would say the present number of banks is much more capable of handling the business properly than the forty banks of a few years ago.

Q. Why do you limit the number to eleven?—A. I am not limiting the number.

Q. Why do you say the present number is sufficient?—A. I am not saying that it is more than sufficient.

Q. Will you state whether there is some reason for any particular number, or whether the banking service would be improved in a change of the number?—A. I think the banking system will adjust itself to the number of banks that is required, and that is what the system has been doing.

Q. Do you think there is any likelihood of there being a lesser number?—A. I do not know anything about that. You can judge the future as well as I can, Mr. Ladner.

Q. Do you think that the existence of a Federal Reserve Bank of rediscount, something after the fashion of the United States, would have a tendency to stabilize, or rather to strengthen, the smaller banks in Canada to-day?—A. No.

Q. You think it would have no effect?—A. No.

Q. Then, Mr. Phipps, how do you account for the fact that on the failure of the Home Bank, a very large transfer was made in deposits in the smaller banks over to the larger banks?—A. That is a merely temporary affair. A Federal Reserve Bank would not have stopped that.

Q. Would a Federal Reserve Bank strengthen the position of the smaller banks?—A. No. We have all the support we want under the Finance Act.

Q. To what extent is the Finance Act used?—A. To the extent that it is required.

Q. But I am told that that is very limited?—A. Very limited. The same would refer to a Federal Reserve Bank of rediscount.

Q. I am told that four out of the total number of banks in Canada control 70 per cent of the entire deposits of the Canadian public. Do you know about that?—A. I have not figured it out. It is approximately right, I should think. But, I would like to correct myself there. The larger banks draw a great many of their deposits from abroad. I do not know whether you have figured that.

[Mr. Albert E. Phipps.]

Q. Pardon me, I did not hear your answer?—A. The larger banks draw a considerable proportion of their deposits from abroad. I do not know whether you have taken that into consideration.

Q. How would that affect the consideration?—A. There would not be so large a proportion of the deposits in Canada.

Q. But would not they control a proportionate amount of the business?—A. You are confusing the business abroad with the business in Canada.

Q. No, but you say a large proportion of those deposits are deposits from abroad?—A. Yes. Have you made that distinction in your figures? I have not checked it up.

Q. No, I have not made that distinction. These are just total deposits. But, the point I am making is that, having received the deposits, they would not be any good to the bank unless it used them in the banking business, would they?—A. No.

Q. And therefore, they would, in that proportion be used in the business of the country?—A. No, in this country and abroad. The Royal Bank, for instance, has a very large business in Cuba and the West Indies, and they use their foreign deposits there.

Q. Would not these four control 70 per cent of the business?—A. I would not think so.

Q. Would you not say the four largest banks do about 70 per cent of the business in Canada?—A. No, I do not think so.

The CHAIRMAN: May I interrupt you there. We have Mr. Ross, Secretary of the Dominion Bankers' Association, also present. Perhaps if we do not get them to-day, these details might be given later by him.

WITNESS: Yes, we can give you these details.

By Mr. Ladner:

Q. Now, the liabilities to the public; I can preface my remarks with the suggestion that it indicates the activity of the business in the country?—A. Yes.

Q. Reading now from the Journals of the House of Commons of 1923, Vol. 60 at page 98, an exhibit giving the figures of liabilities to the public at different dates. At the end of the year, 1904, the total liabilities of all the banks were \$587,000,000.

Q. In 1908, \$1,814,000,000, in 1912 \$1,292,000,000. I am leaving out the odd figures. In 1916, \$1,716,000,000. In 1920, \$2,835,000,000. That was the big year, of course. In 1920 there was great activity. Then in 1922, \$2,347,000,000. Now, I see you have the *Gazette* record there?—A. Yes, for January.

Q. On the 31st of December, 1927, the total liabilities amounted to \$3,217,000,000. Now, Mr. Phipps, that is the extent of the business that is practically being done. Now, if you take the paid-up capital of the banks, you find that in 1890 we had \$60,000,000, and in 1900, \$67,000,000, in 1910, \$100,000,000, and in 1923, \$123,000,000. I do not know what the reserve capital was. At the end of 1927, the paid-up capital is \$122,764,000, which is about the same as 1923? A. Yes.

Q. And the reserve has increased at the same time to \$133,566,000. Now, if you take the amount of capital which the banks had in their bank premises, which is locked up in their bank premises, and which they require in their business, I find that in 1890 this stood at \$4,000,000, in 1900 at \$6,500,000; in 1910, \$25,000,000, in 1923, \$70,000,000, plus \$6,000,000 in other real estate. I know I am giving you a lot of figures, but the general trend will enable you to base your answer on my question. Now, the bank premises at the end of December, 1927, stood at \$69,000,000. The point is this: If you can recall generally the

[Mr. Albert E. Phipps.]

tendency, with the great increase of liabilities to the public, reaching now to \$3,217,000,000, the increase in the capital, which the bank uses, has been relatively very small during the course of the last forty years, and the number of banks has decreased. Now, supposing our country prospers and goes ahead during the next twenty years, as it has done in the last twenty years, and you see how phenomenal that increase is—there is an increase in liabilities to the public from \$800,000,000 to \$3,200,000,000, or four times—in your judgment as an experienced man, do you think the existing machinery of the banks, without such an institution as a Federal Reserve Bank, is sufficient to take care of that business in the future?—A. If you will leave the assistance of the Federal Reserve system out of that question, I will be better able to answer it.

Q. Leave that out, then?—A. I think the banking capital would prove sufficient, or it would necessarily be expanded. I understand that the capital of the English banks at the present time has a much lower ratio to their liabilities to the public than the Canadian has. I would not say that we will not have to increase our capital if the business increases four-fold, but the fact is that in the last four-fold increase, it has not been necessary.

Q. Do you not think that in the event of a further increase in business, such as I have indicated here, it is desirable that the capital should be increased?—A. I won't say that.

Q. Do you think the Finance Act, with the advantages which it now provides to the banks could or would be used more extensively in the future with an increase of business?—A. Well, as I said before, you can judge the future as well as I can, Mr. Ladner, but personally, I do not think it would be used very much more.

Q. Basing our prognostication of the development in the future, upon the actuality of the past, that is the only indication you have?—A. I was just thinking for the moment that although the business of the United States is expanding very greatly, the use that the banks are making of the Federal Reserve Bank as a means of rediscount, is getting less.

Q. But that is due to the accumulation of wealth and capital is it not?—A. I do not know what it is due to. If the situation is the same as you appear to be describing to me, yet the use of the Federal Reserve Bank is getting less.

Hon. Mr. STEVENS: They have got used to the toy.

WITNESS: They have got used to the toy, and they do not need it so much.

By Mr. Ladner:

Q. So far as that is concerned, you would not say that the Federal Reserve Bank of the United States has not been of enormous assistance to the citizens of the country?—A. I submit that the conditions are entirely different.

Q. It has been of use?—A. It has, undoubtedly.

Q. And the necessity in the United States is the same now as before?—A. So far as their system is concerned, yes.

By Mr. Woodsworth:

Q. So far as the United States is concerned, it is no toy over there, is it?—A. No, the use of it for rediscounting purposes is more or less of a toy, perhaps.

By Mr. Ladner:

Q. The banks in Canada do use the Government, by virtue of the Finance Act, as a bank of rediscount, do they not?—A. Yes.

[Mr. Albert E. Phipps.]

Q. Now, is that Finance Act necessary? Could that be eliminated? Would it be advantageous to the country to wipe it out?—A. No, I do not think so. I think it is here to stay.

Q. Why is it necessary?—A. As a safeguard.

Q. It can act as a rediscount to the banks?—A. Exactly.

Q. And it is advantageous in that way?—A. Absolutely.

Q. The Act does fill that need which the banks of the country may require; if we had a great expansion in the prosperity of the country—as my good friend Mr. Robb indicates we are about to have—

Hon. Mr. ROBB: Oh, we have.

By Mr. Ladner:

Q. Now, this is the end of my question, as I do not want to monopolize the attention of the Committee; I propose to file a very short memorandum giving the functions of a proposed Federal Reserve Bank of Canada. I will file it in order that subsequent witnesses may be questioned upon the lines of these principles. I will just read these clauses to the Committee, as they are very short.

EXHIBIT NO. 1

FUNCTIONS OF PROPOSED FEDERAL RESERVE BANK OF CANADA

The Federal Reserve Bank of Canada should exercise the following functions:—

- (a) To act as a bank of re-discount dealing only with banks;
- (b) To have the right of open market operations in much the same way as is now done by the Federal Reserve Bank of the United States and for the same purposes;
- (c) To act as a credit agent for banks in international banking in order to facilitate trade and commerce between Canada and other parts of the world, on much the same principle as the Bank of England;
- (d) To function as the Government now does with respect to all Dominion Note Issues reserving however, power of the Finance Department to check over and make certain of the proper securities being held for such issue. In addition to the Gold security to the Federal Reserve Notes, these notes also to be backed as they are now by the Dominion Government thus giving complete stability as far as note issue is concerned;
- (e) To act as the bankers of fiscal agents of the Government. In this way the Government has the power and united strength of all the banking institutions of the country in times of crisis and the banks have a far better opportunity as members of the Federal Reserve Bank in sharing in business of the Government. It does not seem fair that one bank should monopolize the business of the Government and to a large extent, as a private institution dominate the financial structure of Canada;
- (f) To have no greater net profits than sufficient to pay operating expenses and six per cent on the capital investment. If there are any other profits these are to go to the Government for the benefit of the people of Canada and also within reason to

[Mr. Albert E. Phipps.]

restrain banks, through its branches, in remote portions of the country from charging unreasonably high rates of interest. Such restraint could be practised by the Federal Reserve Bank loaning money (under its open market privileges) direct to the people at a low rate of interest;

- (g) To act as a disciplinary body for banks which might be disposed to engage in questionable undertakings on a large scale or depart from the usual banking practices so as to endanger the deposits of the general public and the shareholders of the bank. The Federal Board to have the necessary powers through committees to investigate the member banks, their business operations, their assets and liabilities, with a view of protecting the public;
- (h) To exercise, through its boards of directors, inspection in a general way for unusual financial operations of the member and other banks;
- (i) To carry out the duties, generally speaking, such as are now performed by the Treasury Board and the trustees of the gold reserve and the Department of Finance with respect to note issue, pledge of securities and banking operations under the Finance Act of 1914 and all other banking functions operated by the Department of Finance, with the exception of such supervision and control by the Government for the Federal Reserve Bank as circumstances may warrant to protect the public interest in connection with those matters.

Now, Mr. Phipps, have we any system of handing over market operations as the United States does?—A. I do not get the drift of your question.

Q. In the States, if there is a restricted line of credit, and the rate of interest goes up too high, it is only on those occasions that the Federal Reserve Bank steps in, in the interest of the public, to control the rate of interest, and provide the funds. You know that?—A. Yes.

Q. Have you any such provisions in Canada under our Canadian Banking system?—A. We do not require them. Our banks are the same bank right across the country.

Q. But supposing there was only one bank. In parts of Canada, there are certain banks in certain localities, and perhaps the rate of interest goes up? Or do they?—A. Very little. We do not require that.

Q. You think a particular bank, of its own volition, would not put up a high rate of interest?—A. Precisely.

The CHAIRMAN: I gather that there is no limit to which they can carry it, if they so desire.

By Mr. Ladner:

Q. If they want to, they could put on any charge they could get?—A. By reason of the Bank Act they cannot recover a rate of interest in excess of seven per cent.

Q. I agree with you that our banks do not generally do it?—A. No.

Q. That is a matter of good business. Referring to the memorandum which I have filed, in the United States, the Federal Reserve Bank acts as a fiscal agent of the Government, does it not?—A. Yes, I believe so.

[Mr. Albert E. Phipps.]

Q. How is that done here?—A. The Bank of Montreal acts largely as a Government agent, but all the banks act as agents of the Government. They collect the revenue from the customs and so on, and remit it to Ottawa free of charge.

Mr. LADNER: That is all I wish to ask, Mr. Chairman.

By the Chairman:

Q. Mr. Phipps, under the Treasury Act, is it seasonable borrowings that you may take from the Government?—A. You may take it at any time. You have to state the purpose to the Chairman of the Board.

By Sir George Perley:

Q. Do I understand Mr. Phipps to say that he feels that the present arrangements under the Finance Act are sufficient? Does the Finance Act here work out satisfactorily for the provision of actual credit when required just as well as the Federal Reserve system does in the United States?—A. Just as well as any system in the world, Sir George.

By the Chairman:

Q. The Bankers' Association is an association of chartered banks in Canada that dovetails in more or less with the Government, with their charters, of necessity. May I ask them, is it compulsory that a chartered bank of Canada shall be a member of the Canadian Bankers' Association?—A. Yes. By law, they are members.

Q. Can they withdraw?—A. I think not.

Q. Can they withdraw?—A. I think not. By the Act itself, they are made members; every chartered bank is made a member.

Q. Then I suppose that your Bankers' Association,—you are a member of the Association,—between your bank and the other chartered banks there is no interchange of credits with customers at all as to whether you are lending to any one—there would be no reason, if I borrow from bank "A" that bank "B" would know?—A. Not of necessity, unless you put it in your statement.

Q. But if I did not, there is no knowledge of interchange of credit?—A. Oh, no.

Q. Then, if one of your directors wants to borrow for his own purposes, he sits without the Board; I understand that is usual?—A. That is the law.

Q. Now, suppose a competitor of his, engaged in merchandising and manufacturing wishes to borrow, would it be quite within his right to sit on the Board to pass credits to a competitor of his?—A. It is within his right, but in practice in our bank—I cannot speak for other banks—it is not done. We have a case in point where one of our directors has a competitor whose business comes up for a line of credit. By direction, that director is told that that business is coming up on a certain day, and he absents himself from the Board.

Q. But that is not under a by-law?—A. No, the director has a right to know, if he wants to.

Q. You have no power to begin a loan under a chattel mortgage?—A. No. Except on Western farmers' livestock.

Q. That would be under Section 88 of the Bank Act?—A. Yes, Section 88.

Q. In your opinion would it be helpful in making loans if you were empowered to grant credits on first a chattel mortgage, and then on mortgages?—A. No, I do not think so.

Q. A loan having once been made, you may take these securities?—A. Yes.

Q. But on an initial loan, you are not able to do it under your charter?—A. No.

Q. Would it be helpful to Canadian banks if that were permitted?—A. No.

[Mr. Albert E. Phipps.]

By Mr. Woodsworth:

Q. Mr. Chairman, there are a few questions I would like to ask. Under the Finance Act, what classes of securities are usually deposited?—A. You will have to ask the Treasury Board that. I know what securities may be deposited, but you will have to ask the Treasury what are deposited. We have not borrowed, but we keep securities put up so that we could draw, as a matter of protection, and we put up Dominion of Canada Government Bonds.

Q. You do not know what check there is on the value of such securities?—

Q. What determines the rate?—A. The Treasury Board.

Q. Perhaps we had better get that from the Treasury Board?—A. Yes.

Q. In the case of advances, what interest is paid?—A. To the Treasury Board?

Q. Yes.—A. Three and three-quarters per cent at present.

Q. That varies?—A. It has varied from five per cent to three and three-quarters, in my recollection.

Q. What determines the rate?—A. The Treasury Board.

Q. Are you aware what makes the variation in the rate from time to time?—A. I have never been at the Treasury Board, and I have never asked for the variations.

Q. What would be the effect of the variation in the rate?—A. It should make credit easier, if it goes down, or more difficult if it goes up.

Q. Is that an effective control over credit?—A. It could be, Mr. Woodsworth. But, under the circumstances there has not been that nature or that kind of control required in Canada.

Q. You think it would be possible to make that rate of discount an effective control?—A. Absolutely.

Q. In the advances which are made, in what denominations are the notes issued?—A. As I say, we have never borrowed, but I know they are not issued in denominations of less than a thousand, and probably \$50,000, to a greater extent.

Q. Are there no smaller issues than that?—A. Not unless there is change required.

Q. Those issues do not go actually into circulation?—A. No. May I go on to say, Mr. Woodsworth, as to that: they enable the banks to circulate their own notes by placing those in the central gold reserve. The smaller reach circulation.

Q. You were speaking about note issue privileges, and you said the note issues were backed by gold?—A. The Dominion note issues?

Q. Yes, to what extent?—A. It is about 50 per cent, or 52; or more than that, 57 I think.

Q. Of what practical value is that?—A. A sense of security. It is a real security and it gives confidence.

Q. It is largely psychological?—A. No, it has got to be there, or the sense of security would not be there.

Q. What proportion of loans is given as a matter of fact in bank notes?—A. I do not think anybody could answer that question, Mr. Woodsworth. I cannot.

Q. I ask it because you say, in referring to the necessity of a branch banking system, that it would be impossible for a local bank to give adequate facilities if it were not connected with other and larger banks?—A. I would say that in the branches of that character, 50 per cent at least of the loans to the farmers are handed out in notes.

Q. Is there any record of that?—A. No; I am going by my experience in those branches.

[Mr. Albert E. Phipps.]

Q. Is there any record from which we could obtain that information?—A. No, there is no record kept. A farmer comes in and borrows money; he puts it to his credit or takes it in cash, and I would say in 50 per cent he takes it in cash. I am basing that on my actual experience in branches.

Q. You referred to the banks paying interest to the Government for advances, and you said that the tendency to inflation was thus controlled?—A. Yes.

Q. In what way?—A. The interest which is paid for advances under the Finance Act is high enough to make that money the most expensive money that a bank uses, so that the margin of profit on that money is the smallest margin that we get and so we naturally keep those advances as low as possible.

Q. Your own bank has not found it necessary to go to the Government or to the Board for that purpose?—A. No.

Q. Are you not free then, as a matter of fact, to issue credit to a very considerable extent? How does the Government or the Treasury Board in any sense control your issue of credit?—A. When we issue credit, we have to pay the money. If we have not got it, we have to go to the Federal Finance Board and get it.

Q. I cannot quite see how any tendency to inflation would be controlled?—A. Because we would not want to pay that amount of interest for a borrowing.

Q. But you could continue to extend your credits, and what you could do as a bank, other banks could do?—A. That is a matter of judgment. It is a hypothetical question you are asking.

Q. Ah, yes, but it was not a hypothetical situation a few years ago, when, during the war, there was a very considerable amount of inflation?—A. Yes, but the banks were not responsible for the inflation.

Q. Who was responsible?—A. I would say, the merchants, and the manufacturers, and the people who wanted to stock up on goods and did not care what they paid for them.

Q. Well, but the banks are surely responsible for the expansion of that credit to the people. Would they go on extending, knowing that it would bring financial disaster?—A. No. They did not know that it would bring financial disaster, and it did not; but they would go on, they have got to go on following the price of goods up to enable their customers to pay for them, within reason.

Q. Then, this was not a hypothetical case; as a matter of fact, the banks did extend credits, and the result was that inflation came about?—A. No, it was not the result of the banks extending credits. Get me very clearly there. It was the result of the inflation of prices by competition among people for the good that they thought they were not going to get, in the post-war period. And the banks had, of necessity, to support their customers, to an extent. There was no one lost more heavily in the deflation than the banks, and no one was more sure that it was coming.

Q. I was speaking for the moment about the inflation. I said the banks did extend credit at that time?—A. They certainly did.

Q. And the result of such an extension of credit was, in other words, inflation?—A. I think the other way on.

Q. The point was that there was no effective control over the banks, and we did have a period of inflation?

Hon. Mr. STEVENS: Inflation of what, Mr. Woodsworth?

Mr. WOODSWORTH: Inflation of the dollar.

Hon. Mr. STEVENS: Inflation of business.

Mr. WOODSWORTH: Yes.

Hon. Mr. STEVENS: That is depreciation of the value of the dollar.

[Mr. Albert E. Phipps.]

The CHAIRMAN: Some one said it was "keeping up with the Joneses," the neighbours.

By Mr. Woodsworth:

Q. I am speaking of a condition and I would like to get at where the responsibility lies in that regard, not so much reflecting on the past, but looking to the future?—A. I understand that. These periods will come and go in any country in the world. It is wrong to say that the banks are responsible.

Q. But they gave the credit?—A. They were forced to.

Q. And if they had not given the credit, there would not have been inflation?—A. Oh, yes, there would. The credit would have been got somewhere else. You would have had a Federal Reserve Bank here, and it would have given the credit.

Q. Never mind that; you are giving a hypothetical case there. I am keeping it to practical affairs. We had no Federal Reserve Bank, and we had the banks and the credit came through the banks. I am right in that?—A. Yes.

Q. And there was inflation?—A. If you assume that the granting of credit was responsible for the inflation, you are right; but I do not agree with you there.

Q. Will you tell me what was responsible for the inflation?—A. The imaginary shortage of goods, and the knowledge that people wanted to buy, and were willing to pay high prices for them. And the banks had to see that business went on.

Q. If I understand you, then you had a little bit to do with the corresponding process of deflation? You said a moment ago that the banks had to tighten up?—A. No, I did not say that. They had to take losses. I did not say "had to tighten up."

Q. Were they at all responsible for the corresponding process of deflation?—A. Not at all.

Q. The banks then, are helpless in that matter?—A. Absolutely. In that particular instance they were helpless.

Q. You said, in extending credit, or withholding it, that the banks were not thinking of the effect of their action; that is the economic effect of their action?—A. I said that?

Q. Your words were that the banks were not thinking of the effect?—A. Oh, in controlling, yes. What I mean by that is that we are practical people; we meet the situation from day to day; we do not sit down and think how many millions of credit Canada should have.

Q. Do you not think that some one should be thinking about the effect?—A. Well, some people seem to be.

Q. Do you not think some responsible agency should be thinking of the effects and that we should not go it blind?—A. I do not think we do. I do not see what you want, Mr. Woodsworth. Mr. Ross reminds me that I referred to the banks of the United States. I say here:—

"Neither the Federal Reserve System nor any other system can control prices; while credit is one factor in influencing prices, it is neither the only factor nor the controlling one."

That is Mr. Secretary Mellon. That is the best evidence I can give.

By Mr. Ladner:

Q. The Federal Reserve Bank certainly can, and so does the Bank of England, control credit, by raising the rate of interest?—A. It does not control prices.

Q. But if you control the credit and the extension of credit, you certainly control the inflation and possibilities of a boom. Is not that one of the methods

and chief functions of the Federal Reserve Bank or of the Bank of England?—A. It can control credit to that extent, but that is not applicable to what Mr. Woodsworth is talking about at all.

Q. If Mr. Woodsworth will pardon my interruption, because this is really the centre and chief reason why I am interested in the Federal Reserve Bank system: I think there is a responsibility on the part of the Government to the public, to control conditions where they can do it on sound grounds. Take the Federal Reserve Bank system in the United States as it exists now: Supposing there is a boom starting in; now, the Federal Reserve Board is controlled by the Government of the United States, and to that extent the government assumes a certain responsibility to the country. If in sound economies, they see a boom coming, and think that credit should be curbed, the Board can curb it, can they not?—A. Oh, yes.

Q. Is not that in the public interest?—A. It might be, yes.

Q. Would it not be in the interest of the business man?—A. It might be.

Q. Or of the banks themselves?—A. It might be.

Q. Can the banks of this country control such a situation?—A. They can and do, I think, effectively.

Q. But you just told Mr. Woodsworth that they did not?—A. But you are taking a post-war condition, and that is not fair.

Q. It would not matter what the conditions were, whether they had the special impetus or a war demand, and excitement, or whether it was just a normal boom, such as we have in mining at the present time?—A. Neither the Federal Bank nor the Bank of England avoided those conditions in the United States or England at that time. They were controlled here to a large extent, and if they were not controlled, they would have gone further.

Q. But there is no such agency here as in the United States, and in England to control the over-extension of credit, we will say?—A. Yes, there is.

Q. What is it?—A. The Finance Act.

Q. No, that only operates when you come to them for money?—A. The Federal Reserve Bank only controls in that way.

Mr. IRVINE: No, the Federal Reserve Bank operates to limit credit.

By Mr. Ladner:

Q. So far as the general public is concerned, and let us say to assist our Canadian banks to control a boom condition, there is something absent in this country which does exist in the Federal Reserve Bank. Would you not agree with me in that?—A. No, I do not agree with you in that. We first have the banks themselves, who can control the rate of credit. Then we have the Finance Act which can control the banks.

Q. But you just told Mr. Woodsworth that the banks themselves did not and could not control such a situation; that the controlling factor rested in the business man himself who was in turn impelled by the idea that the people wanted the goods. Was not that the reason you gave?—A. They could have controlled the amount of credit, Mr. Ladner, but they did not.

Q. Who did not?—A. The banks did not.

Q. Why did they not?—A. There are two uses of the words "could not". One is that they could not properly control the amount of credit; and the other one, that it is impossible for them to do it. It is quite possible for them to do it.

Q. Do the Canadian banks act in unanimity?—A. No.

Q. So as to enable them to control such a situation?—A. No.

Q. How could they do it if they are competitive without collaboration, so as to control?—A. They could do it, one at a time.

[Mr. Albert E. Phipps.]

By Mr. Woodsworth:

Q. Just to finish this particular point I should like to read a paragraph that will perhaps bring my idea out. I read from the last speech of Mr. McKenna whom I quoted in the House. This is sent out by Mr. Marvin, of the Royal Bank, in his March letter:—

It must be remembered that, whether we are on a gold or any other standard, the direction in which the price level moves is immediately determined by the volume of money, as modified by its rate of turnover, in relation to the volume of business. If the supplies of money increase beyond the requirements of business, prices tend to rise; if on the other hand, the supplies of money are inadequate, prices fall. The relation between money supplies, and business requirements, viewed in its effect upon the price level, should then be the first care of the central banking authority, and we find on an examination of American statistics for recent years that movements in the price level upwards or downwards have never been allowed to proceed far. We must therefore, conclude that the monetary authorities have met with a high degree of success in the formulation and execution of their policy. This they have done under conditions of great difficulty, brought about by gold movements of unprecedented magnitude.

Now, I should like to ask whether, if that movement is being controlled by the mechanism that has been set up there, and if it was not controlled here in Canada, whether it would not be wise that we should have some agency that could control it?—A. Yes. I say we have it in the Finance Act. You were asking who was responsible for inflation. There was an inflation of Dominion Government notes during the war of fifty million. They had to face the same situation as we did. The money was required, and had to be put out. The British Government, Mr. Ross reminds me, received \$50,000,000 in Dominion notes, for which nothing was given; inflation of the purest kind. Forty million was issued by the Government.

Q. Would you give the proportion that that fifty million bears to the entire amount?—A. There was an extension of 30 per cent by the Government, in Dominion notes that were issued without cover.

Q. Then, on the other hand, what proportion does that bank note issue, that note issue of the Dominion Government, bear to the entire volume of business in the country at that time?—A. The point would be, what relation does that bear to the entire volume of Dominion notes that were previously out.

Hon. Mr. STEVENS: Be fair in that question. The ratio of expansion is the comparison between the amount of forty or fifty million, and the total issue of Dominion notes.

Mr. WOODSWORTH: No, Mr. Stevens, that is not the point I am getting at. The point is that the banks extended credits for manufacturing and industrial purposes of all kinds, which answered the purpose of money, and would in reality mean an extension of the volume of money. It may be true that the Dominion did extend its Dominion notes, but what I was trying to get at is the proportion that existed between the added volume of Dominion notes and the added volume of credit facilities throughout the country.

The WITNESS: That might be figured out for you some time later, but it is a very difficult problem; you would have to fix dates and so on.

By the Chairman:

Q. Would it be a dangerous proceeding to allow the control of credit in any country such as the United States, by a board? Supposing the Treasury Board said, "we are going to put a stop to the lending of money because we

[Mr. Albert E. Phipps.]

believe it is a time for putting on the brakes;" would any Finance Minister take that responsibility so far as this country is concerned?—A. I do not think so.

Hon. Mr. ROBB: Is any one advocating that?

The WITNESS: I do not think the Government of the day would do that, and that is the reason why the directors of the Federal Board are appointed by the President.

By Mr. Irvine:

Q. They did take that responsibility. Have you examined the lines of deflation in Canada at the close of the war, from the peak to the bottom, and have you examined them in the United States to see the relation between the two?—A. No, I have not.

Q. If you do, you will find that Canada dropped, like that, to the bottom of the bank, and the United States has not got to the bottom yet, and they maintain the credit of the country to a large degree simply by a stringent control?—A. I think what I have said before is the fact. Neither the Federal Reserve System, nor any Federal system can control prices. There must be a head of it and it is only his opinion.

Q. I think we are foolish to try to get a representative of the associated banks to agree to a change which he regards as not being necessary, and he declares that there is not only no need for any control but that there is no possibility of it. Consequently, we do not look to the Bankers' Association for any evidence in this matter, and you will surely not feel slighted if we look elsewhere to find the control which we believe is necessary, and which we believe must come.

Hon. Mr. ROBB: Well, Mr. Irvine, if I understand Mr. Woodsworth aright, he believes that the banks could have prevented inflation at that period when there was inflation, because of the high price of goods, and the demand for goods. Not only the actual producers, the farmers, but the industrials were running over-time to produce those goods. If Mr. Woodsworth is right in his argument, the banks could have prevented the increase in the wages of labour which occurred at that time. Every one will admit that labour jumped from about two dollars per day to seven dollars per day. Is it the argument here that the banks should keep down the price of labour?

Mr. IRVINE: Oh, that is not the point, sir.

Hon. Mr. ROBB: Is not that a fair inference?

Mr. IRVINE: We are not talking about the price of labour, but about the price of a dollar, and how much a dollar will buy. It does not matter to labour how many dollars in units he gets if it cannot purchase the goods.

Hon. Mr. ROBB: The price of goods is affected by the price of labour.

Mr. IRVINE: What is meant by inflation is, if you have got more money on the market than you have got goods, and through the destructive effect of war, when you had inflated credit to produce the goods, you destroyed the goods, and left your credit floating, you could not help having inflation. I am not blaming the banks for that. There was no machinery at that time to do other than was done. There was no one that thought about anything else, and there is no use of washing that old linen. The point is, can we look forward to any possible change in the future in the relation between the amount of money that is let loose by the credit interests, and the price of the dollar? Is there a possibility of controlling it? That is the point. The Bankers' Association say there is no possibility of controlling anything with regard to prices.

WITNESS: Mr. Irvine, I did not say there was no possibility.

[Mr. Albert E. Phipps.]

By Mr. Irvine:

Q. You quoted Mr. Mellon on that?—A. I said there was no possibility of controlling that particular situation that arose out of the war.

Q. Well, we cannot control that now, and if that is what you mean, I agree with you heartily. But, I understood you to mean by that quotation that the problem itself was unsolvable. I think you have said to-day that these periods recur and recur, which is true, but why should we not try to stop them recurring? The point is to try to find out whether there is any way of stopping that recurrence, not by any fantastic way of financing, but by an intelligent way of doing it. We think the Bankers' Association might do it, and if they will help us, that is all we are asking; but if they say it cannot be done, then we will have to find someone who can do it.

By Mr. Spencer:

Q. I have a few questions I would like to ask the witness, Mr. Chairman. Mr. Phipps, I understand you are the General Manager of the Imperial Bank of Canada?—A. Yes.

Q. And President of the Bankers' Association?—A. Yes.

Hon. Mr. STEVENS: We cannot hear you Mr. Spencer.

By Mr. Spencer:

Q. I take it also, Mr. Phipps, you are an economist?—A. Well, in a certain sense, I am an economist. I am a practical banker, or I try to be. That is all I would say. I have not made a study of economics.

Q. I ask that, because once we had a banker here who said he was "a practical banker, and not an economist?"—A. Well, I would be in that class.

Q. I do not want to overlap what has been asked, but I have a few questions I have put down here, and I would like to ask them in order. You have before you, I believe, a balance sheet of the Treasury Board?—A. Yes, for January.

Q. What date is that?—A. January, 1928.

Q. The 28th of January?—A. No, the 31st of January, 1928.

Q. Will you tell me what amount of savings deposits the banks held at that time?—A. In Canada?

Q. Yes?—A. \$1,466,000,000 in round figures. That is deposits payable after notice.

Q. What is the nature of these deposits?—A. They are various. They are the savings of the people, from capital to labour investment; accumulated funds of various kinds put aside at interest, for special purposes at future times.

Q. What interest is paid on those?—A. Three per cent.

Q. Are these deposits payable in gold?—A. They are payable in legal tender; that is, Dominion notes or gold.

Q. Either Dominion notes or gold. If so, could they be paid if they were demanded?—A. Do you mean, if they were all asked for at the same minute?

Q. Yes?—A. You know the answer to that as well as I do.

Hon. Mr. STEVENS: I think, Mr. Chairman,—if Mr. Spencer will permit me—there is a danger of such a question being wholly misunderstood by the public, and causing a situation that is not warranted. Any one who knows the A. B. C. of banking knows that neither this country nor any other could meet all its note obligations if they were asked for at once. We know equally well that it is an utterly absurd position to even think of it, but there are masses of people, tens of thousands, who, if they were told that fact, their confidence in the country's banking system would be undermined at once, needlessly, senselessly, and I think, wantonly.

Mr. SPENCER: If I may be allowed to go on, I think this information is wanted.

[Mr. Albert E. Phipps.]

Hon. Mr. STEVENS: No one wants this information. You have got it there every month.

Mr. SPENCER: Excuse me, I am asking this question.

Hon. Mr. STEVENS: I object to a question like that being allowed to go out, by a responsible Committee of Parliament. It is obviously not in the public interest.

Mr. SPENCER: It is in the interest of the people of Canada that they should be informed on all these subjects of public interest.

Hon. Mr. STEVENS: The question is based on absolutely a false premise.

By Mr. Spencer:

Q. Any one knows that this country might not be called on for such a payment, but what percentage could be met in gold or Dominion notes?—A. Do you mean if they were all called for at once?

Q. Yes.—A. I refuse to answer that line of questioning, and that is all there is about it. I do not think it is a square deal.

Hon. Mr. ROBB: Are you basing your question on the supposition that there might be a run on all the banks of Canada at the same time?

Mr. SPENCER: No.

Hon. Mr. ROBB: I object to such a line of questioning.

Mr. SPENCER: If the banking institutions will not stand the light of day, it is time we knew it.

Hon. Mr. STEVENS: That is not a fair way of putting it.

Mr. SPENCER: I have the President of the Bankers' Association saying he refuses to answer a question about the banking system.

Hon. Mr. STEVENS: There is an answer to it, and that is that we could probably pay double the ratio that they can pay in England, and that ought to be safe enough for any one.

By Mr. Spencer:

Q. Mr. Chairman, I am submitting questions to the witness. What percentage of gold is carried in proportion to these deposits?—A. The banks are not required to carry gold. They do carry it, as a matter of fact, but they are not required to carry it.

Q. What do they carry instead?—A. Dominion Government notes and other credits.

Q. But you say they are not required to carry any. What amount do they carry?—A. It is on the return for you to see, sir.

Q. Could you give me that?

Hon. Mr. ROBB: But, Mr. Spencer, when these savings are put in the bank, they are used; they are put out in loans for the benefit of the business of the country. Some of them are put out in your own part of the country, and you yourself have asked me to keep banks in your part of the country so that the people in your constituency should be served. Are you saying now that the people should not be served with loans from that source.

Mr. SPENCER: No.

WITNESS: There were 48.8 million in Canada in gold, and 18.7 million held abroad.

By Mr. Spencer:

Q. Do the banks loan on interest the deposits payable after notice?—A. We lend the funds of the bank. As soon as the money is paid in to the bank, it is merged. We do not know whether monies are the funds of the bank or savings deposits.

[Mr. Albert E. Phipps.]

Q. You do not keep them separate?—A. No.

By the Chairman:

Q. Your monthly report shows what is on deposit?—A. Yes. We do not invest each one separately.

By Mr. Spencer:

Q. Do the banks lend monies other than the savings deposits?—A. They lend any of the funds of the bank, they are merged.

Q. How do you create other deposits than savings?—A. Any amounts deposited are put in; every day the Government deposits with us in a sense. We do not call them savings deposits.

Q. How much money had the banks of Canada on the balance sheet you have before you on that date, the 31st of January?—A. I do not think I should be asked that question. Money from deposits do you mean?

Q. On current account and savings?—A. Deposits?

Q. What money available for loans?—A. We had a lot more than that. Do you mean after deducting the loans already made?

Q. Yes?—A. I would have to take some time to figure that out. It would take some time.

Q. Give it to us roughly, in millions?—A. I do not know that I can do that. Whatever they wanted to loan, they would, probably, Mr. Spencer, have at least fifty per cent of their total assets, which are given at about three billions.

Q. Is there a limit to the money they can loan?—A. Yes, as their common sense dictates and good banking practice. I can only speak for our own Bank Mr. Spencer. We would lend on commercial loans about 45 to 50 per cent of our funds and we would think we were getting a comfortable margin of safety.

Q. The same answer would be given me if I asked who regulates it?—A. Yes, good banking practice and the management of the bank.

Q. What relationship is there between the amount of savings deposits and the loans made by the banks?—A. You mean the percentage?

Q. What relationship, what ratio?—A. I would have to take a pencil and figure that out. We would have to take time to do that. There are half a dozen different varieties and loans of every kind.

By Mr. Woodsworth:

Q. Is there any immediate relationship between the savings deposits and the amounts loaned?—A. None whatever. What I understand Mr. Spencer is getting at is this: He wants to know how we invest our savings deposits. I say we merge our funds.

By Mr. Spencer:

Q. There are those who claim that they only loan money on savings deposits; you do not agree with that?—A. Not at all.

Q. Can a bank change an active liability such as a bank note that is payable to bearer to a liability payable after notice?—A. I do not understand the question.

Q. I will give it to you a little more slowly. Can a bank change an active liability, such as a bank bill that is payable to bearer, to a liability payable after notice?—A. What you are trying to catch me on is this—

Q. I am not trying to catch you on anything?—A. You want to know, if a man comes in with a \$5 Imperial Bank bill, can we change it to a liability after notice?

Q. Yes?—A. Certainly. Anybody can.

Q. What is the percentage of so-called cheque money as compared with bills and coin?—A. I would have to look that up.

[Mr. Albert E. Phipps.]

Q. Sir Edmund Walker said in 1923 that the figure was about 4 per cent of notes and coin?—A. I have heard that figure mentioned.

Q. Do you think that is about right?—A. No. I think there would be a little more cheques now than there were. Cheques are getting a little more general.

Q. Is it a fact that each fresh issue of bills or notes enables a Bank to make further loans drawable by cheque?—A. You mean, if we add to our circulation, it would enable us to make more loans?

Q. Yes?—A. It would.

By Sir George Perley:

Q. If they are used?—A. If they are used.

Q. They go to the public, and it is not the mere issuing of them?—A. To elaborate that, under present conditions, in order to issue those notes, we have to give our good friend Mr. Robb dollar for dollar for them.

Hon. Mr. STEVENS: They are not allowed to issue notes recklessly.

Mr. SPENCER: I know the way it is done, Mr. Stevens.

By Mr. Spencer:

Q. In getting Dominion notes from the Treasury Board, you can place those in the Central Gold Reserve in lieu of gold?—A. Then we can issue notes.

Q. You can then issue your own notes against them?—A. Yes.

Q. I would like to ask a few questions in regard to savings deposits. What security has a depositor, in a Canadian bank?—A. He has the bank.

Q. I beg your pardon?—A. He has the bank.

Q. How do you mean, he has the bank?—A. The assets of the bank. He is a creditor of the bank.

Q. Is there a guarantee behind the deposit, either a Government or bank guarantee?—A. None whatever.

Q. In the case of a bank failure, are not the calls on the assets of the bank as follows: (1) all notes of the private banks?—A. Notes in circulation.

Q. (2) Dominion deposits?—A. Yes.

Q. (3) Provincial deposits?—A. Yes.

Q. (4) Any mortgages the bank may have?—A. No.

Q. Suppose your buildings were mortgaged to a firm in New York?—A. The mortgage would come ahead of the Dominion Government, I would take it.

Q. Then the savings deposits would come in?—A. All the liabilities, their common liabilities.

Q. In that case, savings deposits would be a fifth mortgage?—A. That is not a fair way of putting it.

Q. Is it a true way of putting it?—A. You may think it is a fair way if you like. I do not think it is fair to put it to the public, that they have a fifth mortgage on the bank. I would not admit that for one minute.

Hon. Mr. STEVENS: Any one can dress facts up, so that there will be a complete distortion of them.

Hon. Mr. ROBB: Mr. Spencer, are you building up a record which will disturb the public, and trying to make the public believe that the banking system in Canada is no good?

Mr. SPENCER: I am just as anxious perhaps more anxious than any other people that we should have a sound banking system in Canada, but in my opinion, as in the opinion of many other people, we might improve it.

The WITNESS: Conditions show that savings deposits in Canadian banks are no different from what they are in any other banks in the world. Why do you pick out the Canadian system, and try to pull it down? It is unpatriotic.

[Mr. Albert E. Phipps.]

The CHAIRMAN: He might eliminate the word "mortgage."

Mr. IRVINE: We have the best banking system in the world, but it is not good enough.

By Mr. Spencer:

Q. It was suggested this morning, that we have a system that is the best in the world and could not be improved?—A. That is what I believe. You are not offering any suggestions for improvement; you are suggesting that we have a terrible system.

Mr. SPENCER: Will you admit that there is room for improvement?

Sir GEORGE PERLEY: How would you improve it?

The CHAIRMAN: I do not want to delay these proceedings, but for certain reasons we will have to adjourn at one o'clock. I was just wondering whether we could finish with Mr. Phipps so that he could be excused for to-day.

By Mr. Ladner:

Q. Would it not be possible to have some system of insurance, to have savings deposits in the banks protected by guarantee, so that those of the public who desired to make absolutely sure that their capital would be in the bank when they went for it, and who have no special interest in the amount of interest they receive could, under that system of insurance or guarantee, be absolutely protected in respect of that particular class of deposit?—A. That was tried in the United States, and the result was not uncertain. All the banks that had those deposits did not care a darn; they took everything they could get and in three or four years the insurance companies went broke. The people got nothing. That is a matter of history.

Q. I know the banks you refer to and the circumstances you refer to. As a matter of fact, I am a great admirer of the Canadian banking system. I believe it is a wonderful system and that we cannot make many changes, but maybe some. I am suggesting that it is only a question of how sound your insurance is?—A. You can insure your deposits now if you want to.

Hon. Mr. STEVENS: We have the government savings banks now, and we have the country behind them. Let them go to the first post office they can reach and deposit their money.

Mr. LADNER: There might not be any, in some particular part of the country.

Hon. Mr. STEVENS: They are all over the Dominion.

Hon. Mr. ROBB: Who is the witness here?

Mr. LADNER: I am asking a few question if Mr. Stevens will permit me.

By Mr. Ladner:

Q. From a banker's point of view, I ask whether it would be advantageous if you had a system of protected accounts, either by insurance or by guaranteed assets to give stability?—A. From a banker's point of view, it is thoroughly impracticable.

By Mr. Woodsworth:

Q. I have a letter here from a member of an eastern Board of Trade, down in the Maritime Provinces, in which he says that in places they feel the effect of the lack of credit. I have no doubt communications along the same line could be given from the West. Would you say there was no basis of complaint of that character?—A. Not when they have the securities to put up, Mr. Woodsworth. If you are suggesting that the banks are unduly cautious in risking their funds——

[Mr. Albert E. Phipps.]

Q. On account of the banks being centred or having their headquarters at cities such as Montreal and Toronto, is it easier to secure credit in the central provinces than it is in the East or the West?—A. No legitimate loan properly secured has been refused, from one end of Canada to the other, since I have been a banker.

By Hon. Mr. Stevens:

Q. As President of the Bankers' Association, have you any objection to any other body, group of men, syndicate, and so forth, establishing further banks in Canada, under the Bank Act?—A. Not a bit. We would not raise a finger to oppose them.

By Mr. Woodsworth:

Q. A business correspondent in Toronto complains that on account of bank directors often being directors of private industrial and commercial concerns, other concerns, rival industrial and commercial concerns, are discriminated against, and he gives his own experience?—A. Well, all he has to do is to walk across the street to another bank. If his business is good, he will be welcome.

Q. You think it does not interfere with business?—A. No. No bank in Canada would dare to discriminate in that way, if they valued an account.

Q. I was sent yesterday, a prospectus, not of a banking scheme, but of an industrial banking arrangement started in the city of Montreal. I believe there are a number in the different cities of the United States. Industrial workers sometimes feel that on account of their low salaries and smaller assets they cannot provide the collateral which is necessary under the present system, but very frequently they have need of credit, to buy a house, or additional furniture for the house, or something of that kind. This plan is to provide in some way for loans running the whole year to be repaid by small instalments. Do you consider there is a range there that is not covered by the banks, but should be so covered?—A. I have had two gentlemen call on me with these proposals and I have advised them both that I thought those schemes would not succeed in Canada for lack of business, because our banking system is a little contrary to that of the United States, where they provide for small loans to small people if worthy. We would do it at a rate of 7 or 8 per cent, and I think the cost of the system was admitted to me by both people to be something over 14.

Q. Not according to the prospectus?—A. Not according to the prospectus. We did figure it out, and you might figure it out when you have time.

The CHAIRMAN: If this is sufficient we will excuse Mr. Phipps. We thank him very much for coming before us to-day.

The Committee adjourned until Wednesday, March 21, 1928.

COMMITTEE ROOM 429,
HOUSE OF COMMONS,
WEDNESDAY, March 21, 1928.

The Select Standing Committee on Banking and Commerce met at 11 o'clock a.m., the Chairman, Mr. F. W. Hay, presiding.

The CHAIRMAN: I might report to the Committee that we have arranged with the Washington Department of the Federal Reserve Board that Mr. Harding, who is Governor of the Bank at Boston, will be here next Wednesday, and he will probably be our leading and only witness in reference to the Federal Reserve System; so I am hopeful that the members will be present in generous numbers and be ready to ask any questions that pertain to that.

We have with us Mr. Tompkins, who is our bank inspector; and we have Mr. Hyndman from the Finance Department. Mr. Hyndman is assistant Deputy Minister; the Deputy Minister is indisposed. Mr. Tompkins has been sworn, and if there are any questions that have developed since the last hearing, we will be very glad to hear Mr. Tompkins.

Mr. IRVINE: I think Mr. Chairman, it would be a good idea if Mr. Tompkins could give the Committee an idea of his own work as inspector; if he can do that briefly.

C. S. TOMPKINS recalled.

WITNESS: Mr. Chairman, before complying with the suggestion that has just been made, I might place on the record some percentages asked for by the member for Weyburn (Mr. Young), I think it was, at the first meeting of the Committee. I gave figures of Dominion notes and gold, held by the banks on the 31st of December, and was asked what relation the total had to the total deposits with the banks at that time.

The percentage works out at 8.4, but I would suggest that that has no very important significance, and I think it would be well to place on the record also the percentage of cash assets, that is, including bank balances on December 31, 1927, to the total liabilities to the public; that is to say, the total liabilities of the bank, with the exception of its liabilities to the shareholders, was 18.7 per cent; and the percentage of liquid assets, that is to say, the ones I have already referred to, and the call and short loans and the various investments, in government and other bonds was 54.6 per cent of the total liabilities to the public.

By Mr. Young (Weyburn):

Q. Are those normal percentages through the year?—A. Yes.

By Mr. Irvine:

Q. If I may be permitted to ask what may be a personal question: Have you had banking experience?—A. Yes. About 22 years, between 22 and 23 years.

Q. Have you been manager of any of the banks?—A. I have been manager. I have served in various positions: manager, inspector, and various positions of that nature.

Q. In your work as inspector with the banks, have you access to all the means of information required to assist you in arriving at a true estimate of

[Mr. C. S. Tompkins.]

the bank's position?—A. Yes, the Act gives me very wide powers in that respect; Section 51A, under which my appointment was made. I have never had any difficulty or been denied information on any occasion since I have occupied this position.

Q. Would you feel absolutely sure, after you have examined the bank, and found it in good standing, that no information had been withheld in any way?—A. I do. Taking into consideration that I have access to all their internal inspections; that is to say, the inspections carried out at each branch of the bank by their own officers; and I also have a right to the information obtained from time to time by the shareholders' auditors. I am free to consult them, and they must, under the Act, afford me every facility.

Q. You would say that your position does provide an additional safeguard to the public in so far as banking is concerned?—A. I feel that it does.

By the Chairman:

Q. How long have you been with the Government, Mr. Tompkins?—

A. Since October, 1924.

Q. Was the creation of your office then?—A. Yes.

By Mr. Spencer:

Q. Mr. Chairman, may I ask Mr. Tompkins a question with regard to inspection work. It will be remembered that in 1924, we had considerable discussion in this Committee in regard to the Home Bank failure. Are you aware of that?—A. Yes.

Q. That bank, I believe, was in a rather precarious state for a number of years owing to the reports of a certain auditor. Is that so?—A. I believe that was so. I have had occasion to discuss their affairs with the liquidator of the bank, Mr. Clarkson, and I believe their whole trouble was incompetent auditing, and the fact that an undue proportion of their assets was tied up in large loans of a very doubtful character.

Q. If your position had been created before that time—would it be possible that such a thing could have occurred again?—A. I hardly think so.

Q. You would be in a position to discover that slackness or error?—A. There would have to be such a collaboration, such a combination of deceit practised by so many of the officers of the bank that I could hardly think it possible that it could be carried through successfully—I say it in all modesty—to deceive me in an examination such as I conduct.

Q. Then the Committee was fully justified in arranging for the appointment of a Government Inspector?—A. In my opinion, I would say so, yes.

Q. I do not want to monopolize the time of the Committee, but I would like to ask a few questions with regard to unclaimed balances in banks. By a return given to the House the other day, we were shown that there was a sum of \$2,756,745 in unclaimed balances. How long has that been accumulating?—A. Some of those balances are twenty, thirty, or forty years old; a few.

Q. Is there any interest allowed on these accounts?—A. Oh, yes. Interest accrues on the ones which are interest-bearing accounts. Interest accrues notwithstanding the fact that they have not been claimed.

Q. At three per cent?—A. At three per cent, yes.

Q. Is there no clause in the Bank Act that calls for these amounts after a certain time to be turned over to the Finance Department?—A. No. The only occasion on which they would be turned over to the Finance Department would be in the event of the failure of the Bank. If its assets realized sufficient to provide for all depositors' claims, then at the close of the liquidation such amount as was outstanding would require to be paid over.

[Mr. C. S. Tompkins.]

Q. I understand that the amount is claimed, according to the balance sheet, as a liability of the banks?—A. Quite true.

Q. Have these balances to any extent been claimed from time to time?—A. Oh, yes. Some reported at the end of a certain year might be claimed within the following year. In fact, I may say that care is taken by the banks to have as many claims as possible made, with a view to reducing the number that they are obliged to report; and the mere presentation of the savings bank pass-book, for example, causes a notation to be made in the ledger of the date of its presentation, and it is claimed as from that time onwards, even though no withdrawal or deposit might be made at the time.

Q. I was thinking that such a large amount of unclaimed balances in the banks would also be an asset, as well as a liability if they are allowed to make use of them?—A. The funds are available for their use, the same as other general deposits.

By Mr. Irvine:

Q. But, supposing there is really \$2,000,000 never claimed by any one, and three per cent charged to them of interest every year, how many years will it take before all the money in Canada would be chargeable to that particular account?—A. That is a rather difficult question to answer, I am afraid. That would be a matter of some very complicated calculation because, as I said before, deposits are claimed from time to time, and sometimes they may have been reported for three or four, or five years, and suddenly they are claimed.

By the Chairman:

Q. This report of the unclaimed deposits is made by the head office. Is any effort then made to give publicity at the point where the deposit was originally made, to show that it was unclaimed?—A. The bank is required by Section 114 of the Act to notify persons whose deposits are unclaimed, by registered post, and very often that brings the desired result.

By the Chairman:

Q. There is no newspaper publicity?—A. No.

By Mr. Matthews:

Q. Would you repeat that, please?—A. I say, under Section 114 of the Act, the bank is required to notify persons whose deposits are unclaimed; notify them by registered post.

Q. As a matter of fact, the bank wants to get rid of it?—A. Absolutely. I may say there is a very great deal of work involved in the preparation of these returns from year to year. A vast number of these deposits consists of small amounts under \$5 which, as I say, involves a great deal of work in the preparation of these returns.

By Mr. Spencer:

Q. Is it possible, Mr. Tompkins, to get in regard to notes in circulation, any report of the amount lost or destroyed?—A. No, that is an unknown quantity.

Q. All notes that are lost or destroyed would be direct gains to either the Dominion Government, or the banks?—A. Oh no, not at all. They remain a liability of the bank forever.

Q. They are a benefit because they are never likely to be a liability?—A. They cannot get any benefit from those that are burned, because they cannot write them off.

[Mr. C. S. Tompkins.]

Q. They carry no interest?—A. No, that is true, but they have to continue to pay their tax on them to the Government; their one per cent tax per annum.

Q. I have a few questions with regard to the Finance Act. Would you be the right witness to ask, or should I ask the Assistant Deputy Minister of Finance?—A. The Assistant Deputy Minister is very well posted on the operation of the Act in the Department. If there is anything particularly relating to the banks' end of it, I might be able to give you an answer.

Q. It is mostly with regard to the changing of the rates of discount?—A. I think that the Assistant Deputy Minister would be the proper person to answer that. That is a matter that comes under the Treasury Board.

By Mr. Bothwell:

Q. Would it not be possible periodically to have publication of those unclaimed balances?—A. The publication was discontinued, if I recall correctly, in 1916, for reasons of economy, solely. I do not believe, in view of the provisions of the Act now requiring notice to be given to depositors, that it would be necessary or advisable to publish the entire list. It might perhaps be thought well to issue in blue book form details of the amounts over a certain sum.

Mr. IRVINE: I suggest now that you bring in the Treasury Board.

The CHAIRMAN: Very well, we will excuse you, Mr. Tompkins.

By Mr. Ward:

Q. Mr. Chairman, before Mr. Tompkins leaves, I might ask a few questions. You are the banking inspector, Mr. Tompkins?—A. Yes, sir.

Q. You, of course, know something of how that inspection is carried out? How many of a staff have you?—A. I have no staff. So far as the actual examination at the head office of the banks is concerned, I manage to carry that out myself.

Q. You have no assistants, whatever?—A. The banking returns, and the work that was formerly carried on by certain officials of the Department of Finance, continue to be carried on in that same way. Although of course, I have information in regard to all those matters, the actual examinations I carry on myself. I might say that in view of the confidential nature of that work, I have not so far felt it advisable or necessary to engage any assistants.

Q. What percentage of the bank branches do you visit?—A. I do not visit any branches. I have the right to do that, but I have not thought it advisable yet.

Q. But you do examine the head offices?—A. I examine head offices. I can generally get all the information I need from the head offices.

Q. The head offices only?—A. The head offices only.

Q. In your judgment it is not necessary to examine the bank branches?—A. I do not think so. If that were necessary, it would involve a great duplication of work which is already being done, in my opinion, satisfactorily by the bank's own inspectors, whose reports, as I said before, I have access to.

Q. How often do these examinations take place?—A. These branch examinations?

Q. Yes?—A. At least once a year, sometimes more frequently, sometimes twice a year, but at least once.

Q. Just how far does your inspection go?—A. My inspection consists very largely of an examination of all of the large loans of the different banks, that is to say, loans that I consider large in proportion to their total resources, or to their capital and reserve. That involves I might say, about ninety per cent of the work. I also make myself familiar with the details of their investments, call

[Mr. C. S. Tompkins.]

and short loans, and with the details of the head office accounts, including their so-called undisclosed reserves, and all other information which is usually found in the head offices.

Q. That is, you examine the securities held as against those loans?—A. I have a list of the securities. I may say that the securities themselves are physically examined by the shareholders' auditors once or twice a year, and in view of the calibre of the men who do that work now, I would not consider it necessary to duplicate that work.

Q. Was it not so that that was largely the cause of the failure of the Home Bank?—A. No, the main trouble was in respect to their loans classed as commercial loans. There were several large loans, and doubtful or bad loans which were classed in that category.

Q. It was not the weakness of the securities?—A. It was not the weakness of the securities in the sense of securities owned by the bank. Securities are reported in three classes, Dominion and provincial, municipal and railway and other bonds, etc.

Q. Is it not so that nearly all the difficulties our banks have got into in times past, were due to the weakness of the securities?—A. Due to the weakness of the collateral securities or to the weakness of the obligant's financial position.

Q. You have told us you did not examine personally the securities?—A. Quite true.

Q. Do you think we are getting all that we have hoped to get, under the bank inspection?—A. I believe you are, because, as I said before, these are matters for inspection by the shareholders' auditors, who are present in all the banks and are men of very high calibre.

Q. Are they not employed by the banks themselves?—A. No, they are employed by the shareholders themselves and are independent of the banks. As I previously remarked, it has been amply proven that the auditor in the case of the bank mentioned was not competent to value the securities and to perform the work of an auditor generally.

Q. But you think that there was no ulterior motive?—A. No. I think it was a pure case of incompetency, as far as he was concerned. I have no doubt his intentions were of the best.

By Mr. Bothwell:

Q. In a case like that, what power have you?—A. I have power to go to a branch and examine any of the bank's documents. I could go as far as I liked, that is, under section 54A of the Act.

Q. You say you find no reason to doubt the competency of the shareholders' auditors?—A. That is a matter of judgment. I have met these men, and I may say they include men of such outstanding firms as Peat, Marwick, Mitchell and Company; Price, Waterhouse and Company; Riddell, Stead, Graham and Hutchison, and men of that type.

By Mr. Irvine:

Q. It would be impracticable for you, or any other inspector, to examine all the collateral of the banking system in Canada?—A. Simultaneously, yes.

The CHAIRMAN: You gave us the names of two or three firms. The inference might be drawn that other firms were not of equal calibre. On the ground of publicity, would you have any objection to leaving out the names of the firms you mentioned?—A. I certainly would not wish to cast any reflection on firms of equally high standing with those I have mentioned.

Mr. SPENCER: I think he is throwing bouquets at them.

WITNESS: I have no desire to advertise these firms in preference to others.

[Mr. C. S. Tompkins.]

The CHAIRMAN: I see these names being used frequently, Price, Waterhouse and Company, and Clarkson, Gordon and Dilworth.

WITNESS: The latter firm does not perform any bank auditing at the present time.

By Mr. Bird:

Q. Have you power to object to any auditor?—A. The minister has the power under the Act, to object to the name of any auditor.

Q. Have you any responsibility?—A. I am consulted in that respect by the department.

By Mr. Spencer:

Q. Did he not have the same power at the time of the Home Bank difficulty?—A. I believe he did, the same existed.

By Mr. Ward:

Q. Do you think the present auditors employed are competent?—A. I do.

Q. What percentage of loans are made from the head offices?—A. You mean from the head offices proper?

Q. Yes.—A. That is to say, not the chief branch in the city where the head office is located?

Q. No.—A. A very small proportion.

By Mr. Matthews:

Q. None are there?—A. Practically none in some banks, and if there are, they are of a very temporary nature.

By Mr. Ward:

Q. From what offices are the chief loans made?—A. The large centres, such as Winnipeg, Calgary, Vancouver, Montreal, Toronto. Obviously the larger places have the larger volume of business.

Q. But you have no idea as to the percentage?—A. No. I have never thought it worth while to work that out, at any given dates.

By Mr. Matthews:

Q. I think you might add that their loans made at these branches are reviewed and approved at the head office?—A. They are, and they are approved prior to the head office's approval by the district superintendents of the bank.

By the Chairman:

Q. There is a general feeling, Mr. Tompkins, that the question of exchange on cheques, large and small, is annoying, in a measure; that is, the cashing of a cheque in a community, with a small exchange charge. Is that a question for regulation by the banks themselves; you would have nothing to do with the charging of the exchange rate?—A. No, that is a matter of competition. I may say that these charges generally are not as large as they used to be, when transportation was not as good as it is at the present time.

By Mr. Ward:

Q. In a bank, just a few days ago, I presented a cheque to have it cashed, and the teller requested a certain amount of exchange. I refused to pay it. I said, "You are overcharging me, you are charging me twice as much as it should be," and he promptly accepted just one-half the amount. Is that a common thing in the banks?—A. No, I cannot say that it is. He should have been reported? I think a matter like that should have been reported to the manager and an explanation asked for.

Mr. CASSELMAN: What rate were you charged?

[Mr. C. S. Tompkins.]

By Mr. Ward:

Q. There is no harm in putting it on the record. The cheque was for \$300 and some odd, and the teller wanted to charge me 60 cents. It was about \$360, if I remember correctly. I told him that I thought 30 cents was about the regular rate, and he accepted the 30 cents.

Mr. CASSELMAN: I think you got it at less than the regular rate.

The CHAIRMAN: The point I have in mind is that it would be much more agreeable and acceptable if the banks in Canada carried no exchange, just as they do in the United States. I suppose that that can be explained by the fact that funds are required in big centres of the United States and unquestionably they do cash cheques without exchange much more generously and perhaps with much more regularity than we do in Canada. You can cash a cheque in New York at any place without any charge. I suppose that that is because of the New York funds.

Mr. IRVINE: I do not see why there should be any exchange as between the branches of the various banks.

Mr. SPENCER: Take the practice of the British banks; for many years they never charged anything on cheques drawn on any branch of a particular bank. I do not know what it is like in the east, but in the west you might have three branches of the same bank in three little towns close together, and they will charge a discount on every cheque drawn on those branches of the same bank. I do not suppose Mr. Tompkins is responsible for that.

The CHAIRMAN: No. That is a matter of bank competition.

Mr. IRVINE: That is just the practice of the best banking system in the world.

The CHAIRMAN: Is there anything more from Mr. Tompkins?

By Mr. Ward:

Q. I have one more question. You said you accepted the reports of the local bank branches; are you satisfied with the reports of the local managers?—A. These are not reports of the local managers; they are reports of the bank's own inspectors.

Q. Perhaps I did not put my question just clearly, but this is my point; are you satisfied with the reports of the audit that is made of the local branches?—A. I made it my particular business in the first year of my occupancy of this office to familiarize myself with each bank's inspection system, and I felt satisfied with the general system that they followed.

By Mr. Ernst:

Q. I doubt if there is any banking system in the world that has a more efficient system of inspection than that followed in the Canadian banks?—A. Quite so; it is conducted on a very high standard.

By Mr. Spencer:

Q. It was not so with all of them, until 1924?—A. With one exception.

The CHAIRMAN: If there is nothing further, we will excuse Mr. Tompkins now. He is our official, and is available at any time we want him.

Witness retired.

GEORGE W. HYNDMAN, called and sworn.

By the Chairman:

Q. I suppose we are unfamiliar with your department, Mr. Hyndman. If you will just give us a little idea as to what line of activity you follow the members of the Committee will ask you questions from time to time?—A. I have

[Mr. G. W. Hyndman.]

no particular statement to make, sir. I was under the impression that we would be asked questions.

By Mr. Irvine:

Q. What is your position?—A. Assistant Deputy Minister of Finance.

By the Chairman:

Q. The Deputy Minister, Mr. Saunders, is indisposed?—A. Yes.

By Mr. Irvine:

Q. How many years have you occupied the position which you now have?—A. For the last four years; previous to that I was comptroller of currency for some years.

Q. Have you made any special study of economics in connection with finance or are you purely an expert in the Department of Finance itself?—A. I am not an economist.

Q. Do you understand the working of a Federal Reserve System such as they have in the United States?—A. I have a general idea of it.

Q. Do you consider that the Treasury Board exercises exactly the same functions in Canada as the Federal Reserve System does in the United States at the present time?—A. Yes, as far as it is necessary.

Q. What do mean by, as far as it is necessary?—A. Well, the operations of the Finance Act which came into existence in 1914, which operates under the direction of the Treasury Board, have demonstrated that they are well able to take care of the requirements of the banks, the seasonal borrowings, and things of that nature.

Q. They can take care of the banks but do you consider that they take care of the functions that are taken care of under the Federal Reserve System?—A. The Federal Reserve System in the United States is a bank of rediscount. We are practically the same thing.

Q. Do you think that is the only function of the Federal Reserve System in the United States?—A. No.

Q. What other functions does it attempt to perform?—A. It has other functions, mainly re-discounting, the issue of currency.

Q. What others, would you say?—A. I do not know that I am prepared to go into the details. I have studied it in a general way.

Q. You would say that the Treasury Board in Canada performs, or at least may perform, has the power to perform under the Finance Act, and probably does perform the discounting functions of the Federal Reserve system, but no other?—A. Yes.

Q. You would not perform any other?—A. No, not under the Finance Act.

Q. In that case, if there are other functions performed by the Federal Reserve System which might be considered of value, we might be well advised if we proceeded with the organization of such a system, since you do not now perform them?—A. I did not get the last part.

Mr. ERNST: The question is double-barrelled.

Mr. IRVINE: I did not intend it to be double-barrelled. Maybe it is a blank.

By Mr. Irvine:

Q. The point, Mr. Hyndman, is that you affirm that the Treasury Board performs the discounting functions of a Reserve System?—A. Yes.

Q. But no other. Then if there are other functions in a Reserve System which might be considered of service to the nation, for any reason whatsoever, we might be well advised to proceed with the organization of such a system, since you do not perform those functions?—A. I do not know that it has ever been represented that there are any functions we might perform that we do not.

[Mr. G. W. Hyndman.]

Q. Is it not so, that the Federal Reserve System in the United States, has made a very successful attempt in controlling the price of money?—A. I am afraid I am not competent to answer that question.

Q. I can assure you that they have. I do not know whether you have made any attempt to do that through the operations of the Finance Act, have you?—A. Well, the Finance Act is not used in Canada to the extent that the Federal Reserve System is used in the United States.

Q. Have you raised or lowered the discount rates within the last year?—A. Yes.

Q. For what reason?—A. The rates were lowered, or were changed in November, 1927. The rates were lowered.

Q. And later?—A. No, they have not been changed since then.

Q. When was that?—A. November, 1927.

Q. From what? Five and one half to four?—A. They are three and three quarters now.

Q. Why were those rates lowered at that time; have you any idea?—A. Yes. The New York call-rates, the Federal Reserve rate in October, November, and December of last year were lower. The New York Federal Reserve Rate was three and one half. About the 1st of February it was raised to 4 per cent; the call rate in New York in October and November, varied from 3.60 to 3.85.

Q. Therefore we know that the discount rate was altered in Canada because it was altered in New York?—A. If we kept our rate up we might force our banks to borrow in New York, and we prefer to have them borrow under the Finance Act in Canada.

Q. That does not seem to me to be a sufficient reason for lowering your rates. It may be a practical one from a banking point of view, but it may be a very dangerous one to follow from the point of view of the nation?—A. I do not think so. It is a matter of opinion.

Q. I think it would be a matter of fact. However, I do not wish to take up any time with it.

By the Chairman:

Q. Mr. Hyndman, you spoke about seasonal borrowing. Is the privilege of borrowing from the bank for circulation not operated all the year round?—A. Yes, but it is roughly in crop-moving time.

Q. I suppose your price for money is fixed upon the price of money throughout the world, or from your neighbour, or whatever they might borrow?—A. It has an affect on it.

Mr. IRVINE: It has never had that effect in the West, Mr. Chairman.

By the Chairman:

Q. You have no way of showing in your returns brokers' loans in Canada; you have no separation except in the designated forms in the bank returns?—A. That is a question for Mr. Tompkins, not for me.

By Mr. Ward:

Q. When discount rates dropped, say, from 5 per cent to $3\frac{3}{4}$ per cent, why was there not a corresponding reduction in the price of money to the public?—A. Well, I am not altogether able to answer that question, not being in touch with the banks. It is purely from a departmental point of view that these rates are changed from time to time. They have been changed three times I think since the Finance Act came into existence, under the direction of the Treasury Board.

Q. Do you not think the banks should have reduced their rate?—A. It is a matter of supply and demand with the banks.

Q. Your opinion is that it is a matter of supply and demand that controls the rate of exchange or rediscounting?—A. Not altogether.

(Mr. G. W. Hyndman.)

By Mr. Spencer:

Q. I have a few questions I would like to ask with regard to the Finance Act. Would you give me roughly the securities the banks can bring to the Treasury Board?—A. I may say that the Finance Act was pretty well described in the evidence given before the Committee in 1923 and 1924; it is all in the records and they are pretty well described, as to the advances that may be made, in the Finance Act. I will read them, if you like.

Q. I have a pretty good idea of them, but I wanted to see if your evidence coincided with other evidence that has been given to us. You would prefer to read them from the Finance Act?—A. Absolutely.

Q. Is there any guarantee in regard to loans made to the banks through securities lodged under the Finance Act that the money will not be used for speculative purposes?—A. No. The Finance Act states that the banks may pledge these securities and borrow Dominion notes against them.

Q. In what denominations are those notes?—A. Mostly in the \$50,000 denominations.

Q. But they can come down to \$1?—A. Yes. They can bring their \$50,000 notes back and make them exchangeable at any time at our offices.

Q. There are ones, twos, and a few fours?—A. The fours were recalled ten or fifteen years ago.

Q. They are still in circulation?—A. Very few of them.

Q. They are in the larger denominations. How is the Treasury Board constituted?—A. The Treasury Board is constituted of so many members of the Cabinet—six.

Q. Can you give me a list of the present members?—A. The present members?

Q. Yes?—A. The Minister of Finance is the Chairman; then there is Mr. Dunning, Mr. Stewart, Mr. Euler, Dr. King, and Mr. Lapointe. Those are the present members.

Q. Why did the Treasury Board reduce the rate of discount on the 1st of February, 1924, from 5 per cent to 4½ per cent?—A. Well, money rates were down in New York. The Federal Reserve rate was down.

Q. Would you give the same answer to the following question: why did they reduce the rate on the 1st of November, 1927, to 4 per cent and on the 1st of December to 3¾ per cent?—A. I beg your pardon?

Q. Would you give the same answer to that question? I notice the rate was reduced on the 1st of November, 1927, to 4 per cent and again on the 1st of December of the same year to 3¾ per cent?—A. Quite. The rates vary in New York from day to day. Our rates do not vary as much here.

Q. Was not speculation fairly rife in the latter part of 1927, in stocks particularly?—A. That is not a question I can answer very clearly. It does not come under the supervision of our department.

Q. The general opinion is that it was, that speculation was fairly rife. If the Treasury Board was making any effort at all to regulate the price level, would it not be in the best interests of the country to lower the rate when business was slow and increase it when speculation was rife?—A. Well, the Finance Act has been used very, very little by the banks, in the last few years, and any change in the rate made by the Treasury Board, I do not think would have had any effect on the speculators. Since 1921 I have the greatest amounts outstanding here in any one year. The largest amount we have had out was in 1922, namely, \$61,000,000. That was the largest amount we had outstanding in any one year from 1921 down to the present time.

By Mr. Matthews:

Q. Commercial expansion would have more to do with it?—A. Absolutely.

[Mr. G. W. Hyndman.]

By Mr. Spencer:

Q. It seems to me that when the Treasury Board of the Dominion is discounting securities for the banks as low as $3\frac{3}{4}$, in all fairness the banks should lower their rates to the public?—A. I cannot answer that.

Mr. MATTHEWS: It might be that the banks are not borrowing the money, and are not using it at all.

By Mr. Spencer:

Q. How much is out at the present time?—A. The highest amount outstanding, in February, was \$28,000,000. I think it is a little under that now. I have the exact figures here somewhere. Up to date (yesterday) \$14,000,000 was outstanding under the Finance Act.

Q. Is it correct that on the 1st of December, 1927, the Government borrowed from the banks on Treasury bills the amount of \$45,000,000?—A. Yes.

Q. At what per cent?—A. Four per cent.

Q. Can the banks bring those same securities back to the Treasury Board and get them discounted?—A. Yes.

Q. At $3\frac{3}{4}$ per cent?—A. At $3\frac{3}{4}$ per cent.

Q. Do you think that is good business on the part of the Government?—A. I think so.

Q. And lose a quarter of 1 per cent?—A. I would not say that.

Q. If they borrow from the banks at 4 and lend back on the same security at less?—A. That is entirely a different proposition. We borrow from the banks maybe on Treasury bills or on three-year notes; the banks are not borrowing under the Finance Act, against those bills, to any extent, if they are at all.

Q. They can, though?—A. They can, but they are not doing it. They may come in and borrow money for a week or two weeks or three weeks. I do not think it would be fair to the banks or any other organization to ask them to pay more. It is a different proposition, borrowing for two or three weeks, or even six months, to finance as against three years or longer.

Q. But they have the right under the Finance Act to bring those securities back and get them rediscounted?—A. Yes, but we can always change the rate. If there are large borrowings under the Finance Act, and we do not want them, the rate can be changed over night; it can be changed at any time by the Treasury Board.

By Mr. Matthews:

Q. The term "discounting" has been used. Mr. Spencer has been asking you if the banks could take the securities back for discount. They do not discount them, they borrow upon them?—A. They put them up as collateral. That is a different thing from discounting.

Mr. SPENCER: What other name would you give it, Mr. Mathhews?

Mr. MATTHEWS: I do not think they are the same. I may be wrong.

WITNESS: The notes themselves, or bonds, or whatever they put up, are put up as collateral against the loan.

By Mr. Vallance: When you discount a note, you sell the note, and when you borrow on a note, you give collateral?—A. Give collateral.

Mr. SPENCER: They can bring back exactly the same securities. It comes to exactly the same thing. The Government borrows from the private banks on treasury bills at 4 per cent; they are enabled under the Finance Act to bring those bills back to the Treasury Board and get money at $3\frac{3}{4}$. I think that is correct

[Mr. G. W. Hyndman.]

Mr. MATTHEWS: Temporary money.

Mr. SPENCER: I say they can get it. I do not say "temporary".

By Mr. McLean (Melfort):

Q. Can they get money without limitation, or money for a very short period, a very temporary period?—A. Under the Finance Act, advances of Dominion notes may be made for a period not exceeding one year.

Q. To the bank?—A. To the bank. Those advances, or whatever you like to call them, may be renewed from time to time by the Treasury Board. They all expire automatically on the 1st of May, and the banks send in their new applications for credits.

By Mr. Spencer:

Q. I would like to ask you a few more questions with regard to notes. I do not know whether this comes under your Department or Mr. Tompkins' Department?—A. Dominion notes come under the Dominion Notes Act.

Q. What is the difference between a Dominion bond, and a Dominion bill?—A. A Dominion note, with certain exceptions—I mean the Statute authorizes certain free issues of notes, a bond is the same as any other bond issued by a corporation or a Provincial government.

Q. Are they not both based on the assets of the Dominion of Canada, and both guaranteed?—A. It is an obligation of the Government. You can call it a guarantee or not.

Q. The Government keeps its obligations?—A. Yes.

Q. The main difference, of course is, that one bears interest and the other does not?—A. One bears interest and the other does not.

Q. Would it not be in the interest of the country if more of these non-interest bearing vouchers were issued?—A. Notes?

Q. Yes?—A. No, decidedly no.

Q. For what reason?—A. Our Dominion notes are backed by gold to the extent of something slightly over 50 per cent. The Federal Reserve notes are backed by not less than 40 per cent gold. The Bank of England and Treasury notes are slightly below that, but their endeavour is to get it up to at least 40 per cent. They have not got there yet, since the war. I do not think it would be advisable, in a country like Canada, wide-spread, to have any less gold reserves than we have.

Q. Are not all Dominion bonds payable in gold also?—A. Some of them are, some are not. The reason some of them are payable in gold was that during the war period a great many of our bonds were sold over the border, in the United States. That is the reason payment in gold was put in our Dominion of Canada bonds.

Q. Do you find any more ready sale for a bond payable in gold than for one that is not?—A. In all our issues, from the commencement of the war, in Canada, I do not think it had any effect one way or the other.

Q. What returns do the banks give to the Dominion Government for the privilege of issuing notes (a) in taxes. (b) in interest, or in any other way?—A. Do you want it for a period of one year?

Q. I do not mean in the aggregate. Is there not a one per cent tax?—A. There is interest on excess circulation, September to February, 5 per cent. There is interest on the advances under the Finance Act, and there is the War Tax Revenue.

Q. That is 1 per cent?—A. That is 1 per cent.

Q. Then there is of course the 3¼ per cent now charged?—A. Yes, I included that under the Finance Act.

[Mr. G. W. Hyndman.]

Q. Perhaps you would be good enough to give me some information with regard to gold. I notice according to Hunstoon's estimate that the production in Canada in 1927 was between \$44,000,000 and \$47,000,000 in gold.—A. I think that may be a little high, according to the estimates I have seen.

Q. Does the Government buy all the gold offered to it?—A. Generally speaking, no. Sometimes we buy it, sometimes we do not buy it.

Q. What is the law governing that?—A. It is a matter of whether we want the gold or not. That might determine it. At the present time we are buying all the gold that is offered—more as a convenience to the mines.

Q. It is not compulsory?—A. It is not compulsory. They have the right to take any gold to the mint and have it coined into British sovereigns.

Q. At what cost?—A. There is a certain cost. I think I have it here. It is the regular Mint charge. I have it here somewhere. I will get it for you.

Q. You say they are buying all they can get. What is given in return?—A. We pay cash for it.

Q. Dominion notes?—A. No, out of our cash.

Q. They could ask for Dominion notes if they wanted to?—A. They would not want the Dominion notes; they want credit in their bank.

Q. Anyway, it is cash, and they can draw on it?—A. Yes.

By Mr. Bird:

Q. When you sell that gold for commercial purposes, what is the margin of profit?—A. There is a reasonable margin of profit. I have not got the figures here. It is a matter for the mint. Our mint is a branch of the Royal Mint. In that way, if they sell gold, they can only do it with the permission of the Minister of Finance. We allow them to supply the trade with small gold bars, at a small profit to the Mint.

By Mr. Irvine:

Q. Are you allowed to purchase all the gold in Canada?—A. Not at all.

By Mr. McLean (Melfort):

Q. In the case of a mine smelter producing gold, is it free to sell outside the country?—A. Yes. Some of our Ontario mines do ship to the United States—a few of them—but most of them are delivering it at the present time to the Dominion Government.

By Mr. Irvine:

Q. What determines whether you buy it or not?—A. We have been requested by the mines for some years back to take the gold whenever it is offered. We also take over the silver, and use it in our coinage.

Q. You would not buy gold simply because the mines asked you to?—A. No.

Q. What happens when you buy half a million dollars worth of gold?—A. It shows in our gold returns. If we buy more than we require it shows as excess gold. We might ship that gold to New York.

Q. When did you ship the last gold to New York?—A. I could not tell you off-hand, but possibly three months ago.

Q. I would like to know how much you shipped, if you can find that out, why you shipped it, and how often it has been done in the last twenty years?—A. We have that information in the Department.

By Mr. Spencer:

Q. Could you get that information and submit that at another meeting?—A. Yes. (See page 114).

The CHAIRMAN: Let us get the question clearly, and it can go into the record. Would that be agreeable? What is it you want?

[Mr. G. W. Hyndman.]

By Mr. Sanderson:

Q. While we are on the gold question, how much are the banks supposed to keep on hand?—A. There is no set percentage; just what they consider necessary for their own business.

The CHAIRMAN: How far back, Mr. Irvine, do you want that?

By Mr. Sanderson:

Q. You say that there is no provision for them to keep any certain amount of gold on hand?—A. No.

Q. Are they not supposed to pay out gold if a customer demands it?—A. No. A bank note is not redeemable in gold; it is redeemable in legal tender. That means Dominion notes or gold. Dominion notes are exchangeable for gold at any of our offices.

Q. Is there no law appertaining to the amount they are supposed to keep; has there been any change in the law within the last ten years?—A. Not that I know of.

By Mr. Irvine:

Q. It was heralded in the press some time ago, that Canada had gone back to a gold basis. What do you mean by that?—A. I thought everybody knew that at the commencement of the war, payment of gold was stopped. We came back to it on the 1st of July, 1926, that is, the Act ran out and we did not renew it.

Q. It made no difference?—A. It made no difference.

Q. There is nothing now except the fetish, which some foolishly accept.

The CHAIRMAN: To clear up that question about what we want; we want the dates and the amounts of shipments of gold from Canada during the past number of years.

Mr. IRVINE: Say ten years.

Mr. SPENCER: Shipments from the States to Canada?

Mr. IRVINE: I am not interested in their shipments of gold to Canada; we do not want their gold.

The CHAIRMAN: For the last ten years, the amounts and dates of shipments of gold to the United States, shipments out of Canada.

Mr. IRVINE: I would like that checked up with the trade balances at the moment it was shipped. I want to know why it was shipped.

WITNESS: Do you mean the gold shipped by the Government? The banks ship far more than the Government.

By Mr. Irvine:

Q. The only sure way is, to get both?—A. Of course these figures are all shown in the customs returns.

By the Chairman:

Q. You will file your record so far as the Department is concerned?—A. I will. (See exhibits Nos. 2 and 3—pages 114 and 117.)

By Mr. Ward:

Q. Before we leave that question, my understanding of the gold reserve is that the gold carried has a direct relationship to the note issue of the banks; is that not so?—A. Not in regard to the banks.

Mr. McLEAN (Melfort): Mr. Chairman, perhaps the term, "gold securities" is used by the banks. Government securities are redeemable at their face value in gold. Does that come into question?

WITNESS: I do not think so.

[Mr. G. W. Hyndman.]

By Mr. McLean (Melfort):

Q. There must be some security behind them?—A. Do you mean bank notes, or Dominion notes.

Mr. TOMPKINS: I may say that bank notes are issued against the general assets of the bank, and besides that they have the security of the double liability of shareholders.

Mr. IRVINE: Are not the general assets of the bank regarded as gold by the Treasury Board?

Mr. TOMPKINS: I do not understand what you mean. A bank deposits securities of various kinds.

Mr. IRVINE: It becomes gold when deposited.

Mr. TOMPKINS: I do not see by what possible miracle you can do that.

Mr. IRVINE: It is easy for the best banking system in the world.

Mr. TOMPKINS: Bank notes as I said are against the general assets of the bank. They are not required by statute to carry any set amount of gold, or percentage of gold, or even Dominion notes, against their note circulation, nor have they ever been required to do that.

Mr. BIRD: It is only the issue beyond that.

Mr. TOMPKINS: Excess circulation must be covered dollar for dollar by Dominion notes or gold in the Central Gold Reserves.

By Mr. Bird:

Q. You said that in a new country like ours, widespread, it is necessary at least, to have 50 per cent of gold behind a Dominion note issue. You did not say why, Mr. Hyndman?—A. 50 per cent is about the same margin, or slightly more than the Federal Reserve Banks require to hold. They hold forty.

Q. Has there been anything to indicate that that is the required amount; would not 25 per cent or even 10 per cent be desirable? Has there been anything to show that 50 per cent is the required amount of gold behind them now?—A. It is within reach of the rate set by other countries, that is, the United States and Great Britain.

Q. You seemed to discriminate, when you said a country like ours, widespread, required so much, and I just wanted to know why you said that?—A. We are a largely extended country.

Q. You do not believe that gold is purely a psychological thing, that it is there for psychological purposes?—A. Under our statute, we have to keep gold in all provinces, in order to redeem Dominion notes if presented.

Q. But it is just a psychological reason?—A. At times.

By Mr. Irvine:

Q. You did not do that during the war?—A. No. Our notes were not redeemable in gold during the war.

Q. It would be just as good if they were not redeemable now?—A. I cannot agree with that.

Q. Why can you not agree with that? Who wants gold, what do you want with the gold except to fill teeth. It is of no other value.—A. It is very useful for exchange purposes sometimes.

By Mr. Spencer:

Q. There is no demand for gold by way of exchange?—A. Very very small, practically none.

By Mr. Irvine:

Q. I am not clear about what this 50 per cent of gold was; 50 per cent of Dominion notes in circulation, or bank notes in circulation?—A. Just Dominion notes. We have nothing to do with the banks' notes.

[Mr. G. W. Hyndman.]

By Mr. McLean (Melfort):

Q. Is it segregated and held for any other purpose?—A. No other purpose. We also hold 10 per cent in addition against savings bank deposits, that is, Government and post office savings bank deposits.

Q. You do not use it for any other purposes?—A. Absolutely no. We could not.

Q. Against bonds and securities of various kinds sold by the Dominion, there is the general credit of the Dominion?—A. The general credit of the Dominion.

By Mr. Spencer:

Q. You know Mr. Hydnman, of course, or I take it for granted that you know, that in every big crisis in history the gold basis has been dropped; we did that in 1914?—A. Yes.

By Mr. McLean (Melfort):

Q. Did the United States take the same action during the war?—A. Yes, Mr. McLean.

Q. Just as a precautionary measure?—A. As a precautionary measure. In a sense, we were never really off the gold basis during the war.

Witness retired.

The Committee adjourned until Tuesday, March 27, 1928.

COMMITTEE ROOM 277,

HOUSE OF COMMONS,

WEDNESDAY, March 28, 1928.

The Select Standing Committee on Banking and Commerce met at 10.30 a.m., the Chairman, Mr. F. W. Hay, presiding.

The CHAIRMAN: Gentlemen: We have with us this morning Mr. Harding, of Boston, who was for eight years a member and Governor of the Federal Reserve Board in Washington. Mr. Harding is now Governor of the Federal Reserve Bank of Boston. He comes to us willingly and generously, and I know we will all be very well repaid with the information he will be able to give us. We have thought, a goodly number of times, about the great value and great importance of our Canadian banking system, and while we may be disillusioned to some extent after hearing Mr. Harding, still I am hopeful that he will give us—and I know he will—many kindly words, because he comes from a friendly and a kindly neighbour and nation. Without further words, except to express to Mr. Harding our deep appreciation for his kindness in coming to us, I would ask that Mr. Robb, our Minister of Finance, say a word.

Hon. Mr. ROBB: Mr. Chairman and gentlemen, on behalf of the Government and the members of the House of Commons, I join the chairman of the Banking and Commerce Committee in extending to Mr. Harding a very hearty and cordial welcome to Canada. We Canadians appreciate the compliment that Governor Harding has paid to us—he has a very busy life and great responsibilities—in coming voluntarily to meet with our Committee and advise us upon questions more particularly affecting the banking system of this country. May I say to Mr. Harding that we Canadians are not at all sensitive people; we want him to tell us frankly and openly wherever he in his judgment feels that there is a weakness in our banking system, so that when we come to the next revision of the Bank Act, in a few years, we will have the advantage of his advice. I join with you, Mr. Chairman, in extending a welcome to Mr. Harding.

W. P. G. HARDING (Governor, Federal Reserve Bank, Boston) was called.

The CHAIRMAN: Mr. Harding, if you have no objection, we will be very pleased if you will just be seated, and address us. I will ask that if the members have any questions, they will jot them down, and I know Mr. Harding will be very pleased to answer them, after he has talked to us.

Mr. HARDING: Mr. Chairman and Mr. Minister: It is a great pleasure to me to be in Ottawa this morning. I have long had a very high admiration for the Dominion of Canada, and for the progress you have made in the face of a good many obstacles. My attention was called particularly to the heroism of the people of the Dominion during the Great War. The United States was in the war about eighteen months, and I recall very vividly the sacrifices we made, the hard work that all of us did, and I can appreciate how much more you were called upon to endure during the whole period of four years; the sacrifices in men, resources, and money. It was a very great pleasure to me, during the time that we were in the war to be able to do things at times to co-operate with the wishes of the Dominion. I recall that during the year 1918, there was an embargo upon the shipment of gold from the United States; and that the executive order of the President put upon the Federal Reserve Board the duty

[Mr. W. P. G. Harding.]

and responsibility of issuing licenses permitting exports of gold which might be deemed to be in the public interest; and I recall that on one occasion Mr. Pease, who was then President of the Canadian Bankers' Association, came to Washington with three or four of his associates, and told us something of your currency system. He came there asking for a license to export to Canada as much as \$25,000,000 of gold, which might be needed as cover for additional currency. The Federal Reserve Board very willingly granted the license. I never followed it up. I did not recall whether any exports were made under that license, but in mentioning the matter yesterday, I found that you imported no gold under that license; it was a precautionary measure only. It very often happens, as you know, when there is a run on a bank, if the depositors find they can get their money, they do not take it. In the same way, when the Dominion authorities found that the gold was available in the United States if they wanted it, they managed to get along without it. So, we did you a nice neighbourly act, saved our politeness, and kept our money too.

I was not aware that there was any movement to amend your banking laws in Canada, until about two weeks ago. I was in Washington on another matter, and called at the offices of the Federal Reserve Board. I was informed that the Governor of the Board had just received a telegram from Mr. Hay asking if either I or a representative of the Federal Reserve Bank of New York would come and testify before this Committee. The Board decided that in view of the fact that I had been President of a member bank in Alabama, had served as a member and governor of the Federal Reserve Board for eight years, and was now Governor of one of the Federal Reserve banks, it might be well for me to come. The members of the Board, in discussing the matter with me, outlined their views, which are entirely in accord with my own, to the effect that I should not come to Ottawa with any idea of giving you gentlemen advice, especially unasked-for advice. Of course, any knowledge that I have of the Canadian banking system is derived from what I have read about it. I have had no practical experience with it; my knowledge of it is necessarily superficial. But, I am here to outline to you, in a broad way, just what the Federal Reserve system of the United States is, and what it is not; and then after I do that, I will tell you what its functions are, some things that it can do and does do, and some things that it cannot do. Then you will be in a much better position I think, to decide for yourselves whether or not you wish to modify your own banking laws so as to incorporate some similar structure into your banking system here. There is quite a long story connected with the inception of the Federal Reserve system.

Back in the year 1791, Alexander Hamilton, who was the first Secretary of the Treasury—and "Secretary of the Treasury" is the name that we give to our Finance Minister—advised that in his opinion it was necessary to set up a Central Bank, and Congress passed the necessary legislation, and the first bank of the United States was incorporated and organized. At that time, the United States was a small country, and a very poor country, infinitely smaller and poorer than your great Dominion of Canada is to-day. The population was I suppose, from three and a half to four millions and the natural resources of the country were largely undeveloped. There was not very much accumulated wealth. It was necessary to rely upon Europe for the capital with which to inaugurate the first Bank of the United States. If I remember correctly, the majority of the stock was held in Holland. Some little American capital went into it. That bank was given a charter for twenty years. It had the note-issuing privilege, and it functioned well and served a very useful purpose. But, meanwhile, during those twenty years, the country had been developing, and there were a number of banks chartered by different States, such as Pennsylvania, New York, and Massachusetts, and in 1811, when the

[Mr. W. P. G. Harding.]

bank's charter expired, there was considerable opposition to the renewal of the charter. A good many of the State banks were opposed to the renewal of the charter, and they were successful in their opposition. By a very small margin in one of the Houses, the Bill renewing the charter was defeated.

Then we got into the war of 1812 with Great Britain. In 1816, the country was in very bad condition. The then Secretary of the Treasury—Mr. Albert Gallatin, who, as a member of Congress had opposed the renewal of the charter of the Bank of the United States—saw the need for another institution, so he reversed his position, and came out in favour of a new Bank of the United States, which is known in history, as the second bank of the United States. That was incorporated along the lines of the original bank, with a larger capital, and a larger proportion of American ownership. The controlling ownership was still private; and the bank established a number of branches. It had branches in places like Portsmouth, New Hampshire; Natchez, Mississippi; Chillicothe, Ohio; all places which are comparatively insignificant now, neighbouring cities having outstripped them. In the year 1819, this bank got into bad shape, and it looked as though it was headed for failure. The management was changed. Mr. Biddle of Philadelphia became president—Nicholas Biddle—and for some years it was successfully operated; but, it began to get into politics. In New Hampshire particularly, the branch bank directors were members of the party which was opposed to the party represented by Andrew Jackson, and there was complaint that one man had gone to the bank to get a loan of \$500, and was turned down. Mr. Biddle was a high spirited man, and he undertook to defend his institution. Andrew Jackson was elected President in 1828, and in his annual message to Congress for the year 1830, he took a very strong position against the renewal of the charter of the bank. The bank had the note-issue privilege, and received the government deposits. Jackson was unwilling to wait until the expiration of the bank charter. He issued an order to his Secretary of the Treasury to remove the Government deposits from the bank. The Secretary of the Treasury demurred, and Jackson removed him. He appointed another Secretary of the Treasury, who, before he became Secretary of the Treasury, was willing to sign the order to remove the deposits; but, after he got into office he saw that the removal would create confusion, so he refused to sign the order, and he in turn was removed. Finally, President Jackson got a man who was willing to sign the order, after a period of several months. Meanwhile, the Presidential election of 1832 came on. Jackson was a candidate for re-election and Henry Clay, the great Whig leader opposed him. The bank was the main issue in that election. Unwisely, perhaps, the President of the Bank (Mr. Biddle) became aggressively active in politics as a very pronounced supporter of Henry Clay, on a Bank Platform, and the Bank got into politics. You know, it has been our experience that it is unsatisfactory for banks or bankers to be actively engaged in politics. Sometimes a small country bank may take part in politics very well, but it is an exceedingly dangerous thing for the larger banks to engage in political activities; it reacts on them.

The election of 1832 resulted in a very decided Jackson victory, and finally the bank's charter expired, without renewal. That was in the year 1837. The bank then took a charter from the State of Pennsylvania. It had lost its Government deposits, it had lost its prestige, and it had lost to a large extent its ability to circulate its notes, and it led a very troubled existence. The panic of 1837 affected it severely and after one temporary suspension it closed finally and forever in the year 1841.

The United States afterwards adopted the sub-treasury system, under which all collections of moneys for the United States Government went to the treasury

[Mr. W. P. G. Harding.]

and to the various sub-treasuries, and be locked up in safes. That was found to be an unsatisfactory proceeding, because it took money out of circulation. This was the period of State bank notes or "yellow dog" currency. Anybody could start a bank in the States and issue circulating notes. The laws of the States were various; there was no uniformity at all. A few of the States, such as Louisiana had very good banking laws. There was a strong bank in Wisconsin known as George Smith's bank. The State Bank of Indiana was a very good institution. But as a rule, parties who held notes issued by State banks would find that the value of those notes varied directly with the square of the distance from the office of issue, so that a man working his way from Louisiana to New York with his pocket full of notes issued by a bank in Louisiana by the time he got to Tennessee, would find his notes at a discount. He would trade them off and get Tennessee notes, then when he got to Virginia he would find that they were again at a discount, so that when he got to New York he would find the amount of his pocket money considerably reduced by reason of these successive discounts.

The country muddled along up to the time of the Civil War with State Bank notes as the main circulating medium. There were many bank failures in 1857, when there was another financial panic, and the note holders, as well as depositors lost their money. Then the Civil War came on, and the United States Government was hard put to it, to find money to meet the expenses of the war. Bonds bearing interest as high as 7.3 per cent were issued, the gold standard was abandoned and governmental expenses were met in part by the issue of Treasury notes or "green backs" as they were called, which although fiat money, were made by law legal tender for all debts public or private except customs. Despite the high rate of interest they bore, bonds went to a heavy discount and the green back dollar at one time had a value of only 40 cents as compared with the gold dollar. As the war progressed, it became increasingly difficult for the Government to sell its bonds and during the year 1863, legislation was enacted which provided for the charter by the government of National banks which were given the privilege of issuing circulating notes against the security of United States bonds. At first the banks were allowed to issue notes only to the extent of 90 per cent of the face value of the bonds held, but later on when the bonds went to par or a premium, the law was changed so as to allow the banks to issue notes up to the face value of the bonds. These National banks notes were not made legal tender, but as the issuing banks were required to keep a redemption fund with the United States Treasury which also held the bonds against which the notes were issued, they circulated everywhere on a parity with the paper money issued by the Treasury itself. In 1866, Congress enacted a law imposing a tax of 10 per cent upon the circulation of state bank notes which forced their retirement.

The volume of National bank currency at the time of the outbreak of the World War was about 770 million dollars. These notes were issued by over 9,000 National banks throughout the United States, all against the security above described. The chief merit of the National Bank notes was that they were a National currency, worth as much 2,000 miles away as at the domicile of the issuing bank and that they were just as good, even though the bank had failed, as if the bank was solvent and doing business as usual, because the Government was back of them, and would redeem the notes out of proceeds of the sale of bonds held as security. National bank notes had one fatal defect, however, which is inherent in all bond-secured currency, that is, they were totally inelastic; they could not expand or contract in accordance with the demands of trade and commerce. They were a fixed quantity; and their volume depended primarily upon the supply and the price of United States bonds.

[Mr. W. P. G. Harding.]

When the United States 2 per cent bonds went to a premium and sold at 109 or 110 many banks found it more profitable to retire their notes, sell the bonds and take the premium.

There was a disastrous panic in 1893, and another in 1907. The 1893 panic was a Free Silver panic. The people were afraid that we were going on a silver basis. The 1907 panic was totally different in character. Under the Federal Reserve system that panic would not have occurred. The act of March 1900, had established firmly the gold standard, and in 1907, there were no fears as to the quality of our currency. The only trouble was, there was not enough currency.

The National Banks were absolutely unable to do anything towards relieving these stringent conditions by issuing new currency, because they had first to buy bonds. The United States government was not issuing any bonds, and the banks had no money to buy bonds with. If a bank had \$100,000 in its vaults, it could do as much by lending that money as it could by exchanging that amount for Government bonds and issuing \$100,000 of its own notes. The bonds bore only 2 per cent interest, while the note issues were taxed by the Government $\frac{1}{2}$ of 1 per cent and there was the cost of the plates, the cost of printing the currency, and the cost of shipping charges back and forth, so that all the profit there is in a National Bank note issue, is a commission of about $\frac{3}{8}$ of 1 per cent. Many of the larger banks, they have retired their circulation voluntarily, and the National Bank note circulation is now largely furnished by country banks, which see some local advertising value in having in circulation notes bearing the name of the bank, and the signatures of the President and Cashier.

The events of the year 1907 brought to the American people a realization that their banking system was defective. Under our currency system; we had experienced the major panics of 1837, 1857, and 1873; we also had a minor panic in 1884, another in 1890 at the time of the Baring trouble, a major panic in 1893, a very acute stringency in the fall of 1902, when call money went to 125 per cent on the New York Stock Exchange, and a major panic in 1907. Congress finally decided to do something. A monetary commission was appointed with Senator Aldrich of Rhode Island as Chairman. That Commission made an exhaustive study of the banking systems of the world. Part of the Commission came to Canada, to study your Canadian banking system, and there is a report on your Canadian banking system which forms one volume of the report, which included altogether some twelve or fifteen volumes. The Commissions studied also the systems of England, Germany, France, Holland and Italy. The report of the Commission is probably the most elaborate report upon banking conditions in the world that had ever been made.

By Mr. Ladner:

Q. May I ask, what is the title of that report?—A. It is the Report of the National Monetary Commission.

It was realized that it would never do to make such a radical change in our banking system as would impair the usefulness of the banks we already had. It was realized furthermore that a good deal of time was going to be necessary to develop a well-adjusted and well-thought out banking system—as there were so many various ideas concerning what should be done. There was devised therefore a temporary or emergency measure, in order to tide over any situation which might arise until a permanent measure could be enacted. A Bill was enacted known as the Aldrich-Vreeland Act. Mr. Vreeland was the Chairman of the House Committee. The Aldrich-Vreeland Act, provided for the establishment of National Currency Associations, to be organized by groups of National Banks, not less than ten in number, and having a fixed minimum of capital. Through these associations banks were permitted to issue emergency currency identical in form with the United States National Bank notes. I may

[Mr. W. P. G. Harding.]

say that there was a slight change at the time the Act was passed in the wording of the National Bank note. In the early National Bank notes we find these words, "Secured by bonds of the United States deposited with the United States Treasurer". With the passing of the Aldrich-Vreeland Act that language was changed to read, "secured by deposit of United States bonds or other securities with the United States Treasurer". After the Aldrich-Vreeland Act expired by limitation, this language was changed back to its original form. No use was ever made of the Aldrich-Vreeland Act until the outbreak of the World War in 1914. A number of National currency associations had been organized in various parts of the country in order to be ready in case there should be any great monetary stringency. The law originally limited the operation of the Act to June 30, 1914, but the Federal Reserve Act extended this period to June 30, 1915. This was a wise proceeding for, while not a dollar of emergency currency had been issued up to June 30, 1914, the total circulation of these emergency notes during the crisis which followed the outbreak of the war amounted to about 386 million dollars, all of which was retired before the final expiration of the Aldrich-Vreeland Act on June 30, 1915.

The plan was that these National Currency Associations should meet to consider the collateral offered by the various members as security for their notes, and if the majority of the association approved of the securities, they would certify the same to the Treasury of the United States at Washington and they could receive National Bank notes which were identical in form to the National Bank notes issued in the regular way against the United States bonds.

This emergency currency was subject to a graduated tax, beginning I believe at 3 per cent for the first month, which tax increased progressively month by month until it reached 6 per cent thus becoming a prohibitive tax, in order to ensure its retirement.

I will go back, for a minute. Following the year of the report of the Monetary Commission, Senator Aldrich introduced a bill in the Senate of the United States, to establish the National Reserve Association of the United States. In brief, this was a Bill to establish a central bank in the United States, one single central bank, with branches. There were to be 45 directors, to be selected from various sections of the country. If I remember correctly it was designed to establish about forty branches. This bill was debated in Congress for about two years, but it was never put to a vote; there was strong opposition to it. A great many people were afraid of a central bank. They were afraid of the concentration of credit control; they did not like the idea of one group of men sitting as arbiters of the entire credit of the country. In the election of 1912, due mainly to a Republican split the Democrats came into power with Woodrow Wilson as President, with a Democratic majority in both Houses. Mr. Glass was appointed Chairman of the House Committee and Senator Owen Chairman of the Senate Committee. Each prepared Bills, which were afterwards merged into one Bill known as the Glass-Owen Bill, and that Bill finally passed both Houses of Congress and became law upon the signature of the President on the 23rd of December, 1913. This Act did not provide for a Central Bank. On the contrary it provided for the establishment of not less than eight and not more than 12 separate banks to be known as Federal Reserve Banks, to serve as many districts throughout the country, to be determined by a Federal Reserve Organization Committee composed of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency whose office, I presume is somewhat analogous to that of your Inspector-General of banks. They took a trip through the country, held hearings, and finally decided that they would divide the country into twelve Federal reserve districts. Those districts varied greatly in size. The Western district embraced nearly one-third of the territory of the United States; the New

[Mr. W. P. G. Harding.]

England District comprised the New England States only; the Philadelphia District only parts of Pennsylvania, and New Jersey and Delaware. Other districts of various sizes, were formed; The law provided that each Federal Reserve Bank was to have a capital of not less than \$4,000,000, and as the capital was based upon the capital and surplus, as we call it, or rest or reserve, as it is called here, of the member banks, it was necessary in sparsely settled areas to include a great deal more territory in order to provide the necessary capital than was the case in the more densely populated districts of the east.

These twelve Federal Reserve banks are legally autonomous units. They have a charter from Congress, just as the National Banks have. They are under the supervision not of the Comptroller of the Currency, as the National Banks are, but of a central body, appointed by the President, and confirmed by the Senate, known as the Federal Reserve Board. The Federal Reserve Board has general supervision over the Federal Reserve banks, and functions as a co-ordinating agency, to harmonize their operations to standardize their policies and prevent any conflict between them. I have here, a copy of the Federal Reserve Act, which I shall leave with you, Mr. Chairman. It is not very lengthy. It defines the powers of the Federal Reserve Banks, also the powers of the Federal Reserve Board. I will read very briefly from it. The Federal Reserve banks at first had succession for a period of twenty years, until last year, when some additional banking legislation was passed in Congress, extending the powers of National Banks in order to enable them better to meet the competition of the State banks and trust companies. The charters of the Federal Reserve Banks were extended, so that they now have indeterminate charters. They have succession until their charters are revoked by Congress or are forfeited for violation of the law; in other words, the Federal Reserve Banks will continue indefinitely unless they violate the law or lose public confidence. They have power to make contracts, to sue and be sued, their operations are conducted under the supervision and control of their boards of directors who have all powers granted pursuant to the provisions of the Act, and such incidental powers as usually appertain to the office of directors of banking associations.

Said Board shall administer the affairs of said Bank fairly and impartially and without discrimination, in favour of or against any member bank or banks, and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

The United States government does not own one dollar of stock in any Federal reserve bank although the law provides that, in the event of liquidation, any surplus remaining after all obligations and claims have been fully met shall revert to the United States. Whenever these banks are spoken of as government banks, and they are frequently so called in the United States, an incorrect idea is conveyed. While they are required to act as fiscal agents of the Treasury and perform the functions formerly exercised by the sub-treasuries which were abolished in 1919, they are not in a legal sense government banks. They are exempt from taxation in any form except local taxes on real estate owned by them, and the officers and clerks of the Federal reserve banks are not government officials or employees. The Directors are nine in number for each bank. The stockholders, that is the member banks, choose six of these directors; the Government through the Federal Reserve Board, appoints three. The directors are divided into 3 classes, A, B, and C. When they vote for directors the member banks are divided by the Federal Reserve Board into three groups; the larger banks having approximately the same amount of capital, form the first group; they choose some bank officer who is representative of that group

[Mr. W. P. G. Harding.]

The middle-sized banks forming the second group, elect one of their number as their director, and the small banks, forming the third group, elect their own representative. So that, on the Board of Directors of every Federal Reserve Bank, we have a big banker, a middle-sized banker, and a small banker.

Then we have what are known as Class B directors. Class B directors must be actively engaged in Commerce, Industry or Agriculture. They may hold stock in member banks, but they are not allowed to be directors of member banks, and they are elected in the same way, by groups one, two, and three, the large sized, the middle sized and the small sized banks. So we have three bankers and three business men on each Board of Directors.

Then we have Class C directors. These class C directors are appointed by the Federal Reserve Board. They are not permitted to be officers, directors, or stockholders in any bank; they must have nothing whatever to do with the banking business; they must keep outside the banks. But they are in the minority, you see. Each bank is controlled by its directors, and the member banks appoint six out of the nine.

Then these directors elect their own officers, just as the chartered banks do. The Federal Reserve Board takes one of its own appointees, a class C director, and names him as Federal Reserve Agent and Chairman of the Board of Directors. He presides at Board meetings. He represents the Board as its agent on the spot, and he supervises the note issues. All applications for Federal Reserve Notes must come through him, and when the security called for by the law is given, he issues the notes to the bank.

The duties and powers of the Federal Reserve Board have been very much misunderstood. True, it is a banking board, it is a supervisory body, but it is in no sense a bank. The Federal Reserve Board has no power to lend anybody five cents; it has no power to require any bank to take a piece of paper which, in the bank's judgment, is not good. The Federal Reserve Board can define eligible paper. I will read you a few of the powers of the Federal Reserve Board, which will be found at page 21 of the Federal Reserve Act.

11. The Federal Reserve Board shall be authorized and empowered:

(a) To examine at its discretion the accounts, books and affairs of each Federal Reserve bank and of each member bank.

They have a corps of examiners or inspectors, who go to each Reserve bank and branch and make at least one examination a year.

(b) To permit, or, on the affirmative vote of at least five members of the Reserve Board to require Federal Reserve banks to rediscount the discount paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board.

That was a very important function in 1919 and 1920, because the reserves of some of the banks would have been very seriously impaired, and in one or two cases, wiped out altogether, but for the ability of those banks to discount with paper of other Reserve banks which had reserves in excess of the legal minimum.

(c) To suspend for a period not exceeding thirty days and from time to time to renew such suspension for periods not exceeding fifteen days, any reserve requirements specified in this Act:

That was never done. It might have been dangerous, a published statement showing reserves below the legal. If you attempt to go below these reserves, your minimum would have been likely to create alarm. We managed by having some Reserve banks rediscount paper for others to keep the legal reserve intact, even during the tightest pinch.

[Mr. W. P. G. Harding.]

The Federal Reserve Board can remove or suspend any director of the Federal Reserve banks for cause, and it exercises general supervision over Federal Reserve Banks. In section 16, there is a very important function of the Federal Reserve Board. It is Section 13 I should say. It relates to the rediscounting function.

Upon the indorsement of any of its member banks, which shall be deemed a waiver of demand, notice and protest, by such bank, as to its own indorsement exclusively, any Federal reserve bank may discount notes, drafts, and bills of exchange, arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act.

The Board issues its regulations elaborating upon the Act, and no Federal Reserve Bank can discount any paper, which, under the regulations of the Board, is ineligible; but, on the other hand, it is not obliged to discount paper which though technically eligible, if in its opinion, the paper is doubtful or not good. Now, while the endorsement of the member bank is required, it is the policy of the Federal Reserve Banks, as understood and approved by the Board, that each paper should stand on its own bottom. In other words, we must not take paper technically eligible, but of doubtful goodness and rely solely on the endorsement of the member bank. In amounts exceeding \$5,000 we must have a statement from the maker of the paper and he has to have a satisfactory enough showing to justify taking the paper without the member banks' endorsement.

As to time limit. Notes and drafts and bills admitted to discount under the terms of this paragraph, must have a maturity at the time of the discount of not more than 90 days exclusive of grace. An exception was made in the case of agricultural paper. In the original Act, the time limit on agricultural paper was six months and that was afterwards extended to nine months; so that, agricultural paper may be discounted by the Federal Reserve Bank if it has a maturity even as long as nine months; but all other paper must be limited to ninety days.

Now, the Federal Reserve Board, as I pointed out, cannot make any loans itself nor can it compel any Federal Reserve Bank to make a specific loan. The Federal Reserve Banks fix their own rates of discount, which are effective, however, only upon "review and determination" of the Federal Reserve Board. A question arose last September as to whether or not the Federal Reserve Board, under its powers of Review and determination could change the rate of discount of a bank which is unwilling to change it itself. The Federal Reserve Bank of Chicago, had a four per cent rate. All the other banks at that time had a three and a half per cent rate, and the Federal Reserve Board passed a resolution fixing the Chicago rate at three and a half per cent. That created a considerable disturbance, and the Governor of the Board—Mr. Crissinger—resigned, although he said that episode had nothing to do with his resignation, and the President appointed Mr. Young, who was Governor of the Minneapolis Reserve Bank, to succeed him. I do not think that a similar situation will occur again. The law provides that each Federal Reserve Bank by its Board of Directors, shall establish from time to time rates of discount for each class of eligible paper, subject to the revision and determination of the Federal Reserve Board; so that the practice, with that single exception, has been that the directors of the bank take the initiative if they want to change the rate. If the Federal Reserve Board does not approve, the old rate holds. If the Federal Reserve Board does approve,

[Mr. W. P. G. Harding.]

the new rate comes into effect. There is no monopoly or centralization of credit, and to guard against this Congress gave us twelve banks instead of one central bank. Our legislators were afraid of the concentration of credit. They were perfectly willing to prescribe, in a broad way, the qualities which must be possessed by eligible paper and leave the Federal Reserve Board with authority to elaborate upon that somewhat and define them more specifically; but they were not willing to give the Federal Reserve Board the power of saying to a bank "you must take this piece of paper or you shall not take this piece of paper," assuming that the paper is eligible under the law. That power is vested exclusively in the Federal Reserve Banks, and they in turn, delegate it to their responsible officers as authorized by law to do.

By Mr. Ladner:

Q. Could any of the Federal reserve banks have different rates?—A. Yes, it frequently happens that they have different rates; but it is rather hard to maintain different rates for a very long period at a time. For instance, if we have a four per cent rate in New York, Boston and Philadelphia, the eastern centres, and the Reserve Banks should try to maintain a four and a half per cent rate in the South and West, people there are apt to become restive. They might say, you have low rates in these centres where there are large stock-market transactions, and in our agricultural districts, we have a higher rate; and they clamour for the lower rate. The result is that they usually get the same rate as the East. New York is the principal money market of the country, and the rate of the New York bank is the key rate. That is the only rate which has an effect internationally. Or, it may not be the only one, but it has a greater influence, I should say; a much greater international effect than any other rate. And you will find that whenever New York changes its rates, especially downward, there is a disposition to follow in other sections of the country. It would be impossible for Boston, for instance, to maintain a lower rate than New York. For if New York had a four per cent rate and we undertook to have a three and a half per cent rate in Boston, we would soon have our reserves reduced, because a great many manufacturing and mercantile concerns, which have banking connections both in Boston and New York, would transfer their borrowings from New York over to Boston, and the banks in Boston would have to rediscount with us, and we would soon be out of reserve. But we might in Boston maintain a higher rate than New York, and we did so once for a period of six months. Back in 1925, I think, New York for a while had a three per cent rate, and we maintained a three and a half per cent rate. That caused us no inconvenience, but we could not work it the other way round.

However, the control of the Federal reserve banks over the money market does not come so much through the discount rate as it does through the open market transactions which are authorized under Section 14 of the Federal reserve Act. The discount rate of the Federal Reserve Bank, after all, is a negligible quantity in most sections. Take these various sections in the South and West that get restive whenever their Federal Reserve Banks have a higher rate than the New York rate. That does not mean very much to the farmer or merchant in those sections. He cannot get accommodation direct from the Federal reserve banks, he has still to go to the bank he deals with. And those banks often charge what the traffic will bear. They charge whatever the law allows them to charge—that is one consideration—and whatever the competition they have allow them to charge. Now, the legal rate of interest in most of the States is from six to eight per cent. In my native State of Alabama the legal rate is eight per cent.

By Mr. Woodsworth:

Q. Is that invariable, that legal rate?—A. Yes, but in Alabama there is a heavy penalty for usury. Forfeiture of all interest and a penalty besides.

Q. Broadly speaking, the eight per cent is invariable, you say?—A. Yes, except in cases where the rate is reduced as a result of competition. In a number of the western States, they have legal rates of eight per cent, and, contract rates of ten to twelve per cent are permitted. A certain western state in the Kansas City Reserve district has a ten per cent contract rate; and in 1921, there was a demand that the discount rate of the Reserve Bank be reduced from 6 per cent to 5 per cent, although the Reserve banks of Chicago, New York and Boston all had a 6 per cent rate at that time. They claimed that such a reduction would give borrowers cheaper money. In rediscounting paper, member banks are required to state on their applications the rate charged the borrower. In a study we made, covering a week's operations at the branch bank in the city where all business in the state under discussion is handled, we found that two loans had been made at six per cent. Those loans were to large concerns which had lines of credit open in New York and Chicago. We found that there was one loan made at seven per cent; four or five loans made at eight per cent, but the great majority of loans were made at ten per cent. In other words, the small people who had no credit, except locally, borrowed from their local banks and these banks charged them all the law permitted them to charge.

By Mr. Ladner:

Q. What year was that?—A. 1921. So the banks were lending money at ten per cent, and rediscounting with the Federal Reserve Bank, and the rate then was six per cent. We found that a mere reduction in the discount rate, in a great many sections of the United States has no effect whatever upon the rate the banks will charge their local customers; it is effective mainly in the centres. And there is another thing. There is a theory which was prevalent at one time, that the bank rate should always be somewhat above the current rate. Now, that is a confusing thought. It is true in London, that the bank rate is higher than the bill rate. The Bank of England's official rate to-day is four and a half per cent; but this does not mean that all its transactions are at that rate. That is merely the minimum rate at which the Bank of England will buy bills of exchange. The joint stock banks in England do not rediscount with the Bank of England, as the American banks rediscount with the Federal reserve banks. Joint stock banks in England, when they need money, will take prime bills of exchange to the Bank of England and sell them to the bank, and its official rate of four and a half per cent is the rate at which the Bank of England will buy prime bills to-day.

By Mr. Ladner:

Q. Is that an out and out sale, without liability on the part of the Bank?—A. I understand that is an out and out sale.

The CHAIRMAN: I will ask the members of the Committee to allow Mr. Harding to follow his trend of thought and then, when he has concluded his statement, there will be time for questions. We do not want to take you off your "line," Mr. Harding.

WITNESS: I am nearly through my story.

As I have stated, the Federal Reserve rate in New York and Boston to-day—and in fact I believe, in all the Federal reserve banks the rate is now uniform—is four per cent. Well, I know that in Alabama, for instance, the current rate for reputable concerns, unless they have outside connections in New York or Chicago, or other large centres is six per cent, and I think that five per cent

[Mr. W. P. G. Harding.]

is the minimum rate at which any bank down there will take any paper, although their Federal Reserve rate is four per cent. In Boston and New York, the rates for prime mercantile paper are from four and a quarter to four and a half per cent. In other words, the going rate for money even to the best customers is always a little above the rediscount rate of the Federal Reserve Bank, but that does not apply to the bill rate. The Federal Reserve Bank rate is related directly to the bill market. A bill of exchange, a banker's acceptance, is the highest grade of commercial paper obtainable. It is high grade for this reason. What we call a prime bill, in the first place, represents a transaction where the seller has sold goods to a reputable purchaser. The bills are drawn anywhere from thirty days to six months' time. This purchaser has made satisfactory arrangements, either by the deposit of collateral, or by the filing of a satisfactory statement, with some strong bank or acceptance house, and that bank or house has put its name on the bill as acceptor. In other words, it obligates itself to pay that bill at its maturity, and then in addition, the bill carries the responsibility of the drawer and of the endorser. So, we have a liquid paper; a paper that in all human probability is going to be paid at maturity; representing the consumption of goods; taking them out of the market entirely; not a speculative proposition at all. And, when it is a banker's acceptance of the highest grade, it commands of course, the lowest rate in the market.

The market for prime bills depends upon the supply of bills in the first place, and upon the general tone of the money market, in the second place. There have been times when prime bills would sell at two and one quarter per cent—the rates now are $3\frac{1}{4}$ to $3\frac{3}{4}$ according to maturity—and of course, the drawer who gets a bank to accept for him, has to pay the bank a commission. But, assuming that the commission is one-quarter of one per cent for each ninety days, or 1 per cent a year, you can see that the drawer of the bill gets very cheap money; but the transaction must be bona fide, and the acceptor must be of unquestioned standing. Now, the bank rate is in order for the bill to be prime related closely to the bill rate, and we keep our bank rate a little above the market rate for prime bills of exchange, just as in the case of the Bank of England. But, the current rate for money to borrowers even in the financial centres is usually a little above the Federal Reserve Bank rate.

The Federal Reserve system was never able to function normally, until about five years ago. It was organized on August 10th, 1914, when the Federal Reserve Board took office. The Federal Reserve Banks were not opened until November 16, 1914. We were in a very chaotic condition, owing to the breaking out of the world war. Our stock exchanges were forced to close. The cotton and grain exchanges were closed. There was much congestion at the ports because of inability to get shipping. The German raiders were still on the sea, many merchant ships were tied up, and insurance rates were very high. Of course, the wheat situation was unlocked first, because people are obliged to have something to eat before they think about what they are going to wear. The cotton situation was very bad. There was great distress in the cotton growing regions in 1914. There was no organized market for cotton. No one knew what the price of cotton was and spasmodic sales were made at from 4 to 6 cents per pound, while the price had been above twelve cents before the war broke out. In 1915, things began to adjust themselves.

The Federal Reserve Banks are obliged to pay their stockholders six per cent cumulative dividends and I want to speak now of the stockholders and of what they do. The law provided that every National bank must become a stockholder, and member of the Federal Reserve Bank within twelve months, or else forfeit its charter. So, they were forced into the system. The law also provided that the State banks and Trust companies, over which Congress has

[Mr. W. P. G. Harding.]

no direct control, because they are creatures of the States, and not of the national Government, might become members of the system if they met certain specified requirements, but it was purely voluntary with them. But, no way was provided for a State bank to withdraw from the system after it once became a member. So that although there were over 15,000 State banks, and Trust companies, in the United States, only 65 of them up to June, 1917, had become members of the Federal Reserve system. The held back. They would say, "we do not know enough about this experiment." Some of them thought pretty well of it, but they did not like to get into a place from which they could not get out; and it was not until the United States entered the war and not until Congress amended the Act by providing that State banks might withdraw on six months' notice, that they came in; and even then, only a comparatively small number. I think about 1,600 or 1,700 State banks and Trust companies are members of the system but in this number are included most of the larger institutions.

The capital stock of the Federal Reserve Bank is a variable quantity. Each member bank must subscribe for stock in the Federal Reserve Bank of its district to the amount of six per cent of its capital and surplus or rest, of which three per cent must be paid in and the other three per cent is subject to the call of the Federal Reserve Board. The Board has never called for the payment of this three per cent and I do not think it ever will. When a bank increases its surplus, it must subscribe for a proportionate additional amount in Federal Reserve Bank stock; it must increase its holdings there. And whenever a bank goes into liquidation, it must return its stock, receiving the cash plus the accrued dividend. At first only one bank, the Federal Reserve Bank of Richmond had sufficient borrowings to enable it to have sufficient earnings to pay a dividend. The banks were in arrears. They had dividends piling up, which had not been paid, and it was not until 1918, a year after we went into the war that all the banks had accumulated sufficient earnings to enable them to take up their back dividends.

There has always been a question in my mind as to what the development of the Federal Reserve system would have been if we had not gone into the war, because the war changed the whole situation. We had the First Liberty Bond issue, and then the second, third and fourth, and the Victory Loan issue. The national debt of the United States on April 2nd, 1917, was in round numbers, \$1,000,000,000, on August 1st, 1919, the national debt of the United States stood at over \$26,500,000,000, an increase of over \$25,000,000,000 in a year and a half. That meant enormous expansion or inflation. We maintained the gold standard. Our Federal Reserve notes were always at a parity with gold, but the Federal Reserve System was obliged to adapt its policies to the needs of the Treasury. The Treasury policy was to finance the war one-third by taxation, and two-thirds by bond issues, and in order to float these tremendous bond issues the Federal Reserve Banks became great bond-selling organizations. The Governor of each Federal Reserve Bank was the organizer in his own district, and the member and non-member banks became large buyers of bonds, and urged their customers to buy bonds, and were encouraged to make loans on bonds and to rediscount with the Federal Reserve Banks. The Treasury fixed the rate of interest on the bonds low in order to save money, and it was necessary that the Federal Reserve Banks should fix their discount rates at a correspondingly low figure. The Reserve bank rate was much lower than if it had been considered from an economic standpoint, but in war time, one cannot stress economy or economies. War itself is the most uneconomic of all processes. We were in the fight and we were going to muddle through with it, so, we maintained a low rate, say, four per cent interest, all during the war, and during the Victory Loan period when the Treasury had to float

[Mr. W. P. G. Harding.]

\$4,500,000,000 in May, 1919, to take up the odds and ends of the war expense; and that was a very difficult loan to float, because during the war we had the patriotic impulse, we could talk about "swatting the Kaiser" and that sort of thing, but after the war, that impulse was all gone. It was simply a cold proposition and people could buy the war issues at a discount, and yet were called upon to buy these new bonds at par, which was a pretty hard proposition. But the Victory Loan was put over, and put over with the help of the Federal Reserve system by maintaining artificially low discount rates. Of course, the thing came to plague us later on, but we had to consider one thing at a time. I was going to say that nowadays the Federal Reserve system can function normally; all these matters have been gone through with; we have passed through the post-war reaction, which was world-wide, it was not confined to the United States. They felt it in Japan with their silk panic. You felt it here in Canada. So did the people in France, Great Britain, and all over the world. It was a natural reaction. One thing that happened in 1919 was that our exports to Europe kept up in great volume. Their necessities were very great, and they still had available two and a half billion dollars of the credits that Congress voted them early in the war, so that America financed her exports in 1919 largely out of her own Treasury. That is, we lifted ourselves by our own boot straps. Thus the crisis came in 1920 instead of 1919. Now, beginning with the year 1923, things began to get normal, and the money market came more under the control of the Federal Reserve system—and when I speak of the Federal Reserve system, I mean the twelve Federal Reserve Banks, and the Federal Reserve Board; these together form the Federal reserve system. The banks have to consult the Board about their policies, and the Board consults the banks about its policies, and the Board depends entirely upon the banks to execute the policies agreed on. In 1923, the Board appointed a Committee known as the Open Market Committee, composed of the Governors of the Federal Reserve Banks of New York, Boston, Philadelphia, Cleveland and Chicago. The board chose those cities partly because the larger volumes of open market transactions are made in those cities, and particularly because they are all geographically located so that the committee can get together after a night's ride. The Committee at certain intervals meets at Washington with the Federal Reserve Board to consider the situation, and to outline a policy for say, two months ahead. A broad outline of policy would be: The Bill market has to be taken care of. The Federal Reserve Banks are always ready to buy or sell bills. They are the mainstay of the bill market. They do not play with the bill market with a view of influencing the general money market. Such influence is exercised through purchases and sales of short time government obligations. The United States Government is constantly exchanging short-time certificates for long-term bonds. It is constantly reducing its indebtedness, and in its funding operations, the Treasury finds it convenient to have outstanding a large amount in short time obligations maturing in three, six, nine and twelve months; so we have always available at frequent intervals a supply of United States Treasury certificates. The rates of interest have varied from three per cent to three and a half per cent in recent years. The open market committee acts for all twelve Federal Reserve Banks and purchases which are made are allocated pro rata on the basis of their capital and surplus among all the twelve Federal Reserve Banks; and the sales are allocated in the same way, out of the securities held subject to order of the Committee by the Federal Reserve Banks. It has been the policy of the Committee to have a stock of short-time obligations on hand amounting to a minimum of say one hundred and fifty to a hundred million dollars, and a maximum of five hundred to five hundred and fifty million dollars. There are times when the Committee neither buys nor sells; they let the money market rock along. A very interesting situation came up in

[Mr. W. P. G. Harding.]

1927. A considerable outward movement of gold took place and whenever gold is shipped out of the country, it affects the money market more or less, because although the gold comes out of the Federal Reserve Bank, it comes out of the bank by means of a cheque drawn on some member bank, and the member bank draws on the Federal Reserve Bank. I may say incidentally, that the reason the Federal Reserve system has the control and custody of gold in the United States held outside of the Treasury is that gold does not count as any part of the legal reserve of a member bank. A member bank is required to carry its legal reserve in the form of a collected balance with its Federal Reserve Bank. Any money it keeps in its own vaults is merely till money and this cannot count as a reserve no matter whether it be gold coin, gold certificates, national bank notes, Federal reserve notes, legal tender notes, or silver; so that in order to count as legal reserve, gold must go to the Federal Reserve Bank. So you see that all gold imports eventually come to the Federal Reserve Banks. During times of large gold importations, the Federal Reserve Banks check redundancy by paying out gold certificates, instead of Federal Reserve notes. Five years ago the Boston bank, for instance, had outstanding about two hundred and thirty-five million dollars of Federal reserve notes; to-day it has one hundred and fifteen million dollars' of Federal reserve notes outstanding, the reason being that we have had so much surplus gold coming in, that we deemed it advisable to put gold certificates in circulation and to reduce our Federal Reserve note circulation. If we should have occasion to reverse this process, all we would have to do would be to put aside gold certificates as they come in, and pay out Federal Reserve notes.

About the 1st last July, the Committee had a meeting in Washington, and discussed the situation. Our crop movement begins in the latter part of July, or early in August; the grain begins to move, followed by cotton. The money market had begun to show some symptoms of hardening. We began to buy Treasury certificates, thus taking money out of the Federal Reserve Banks and putting it in the market. This eased the market situation. Later on, there was a very pronounced gold export movement. Gold went to France, it went to South America, to Brazil and the Argentine, and elsewhere. Altogether we lost from the 1st of October to the 1st of January, about \$200,000,000 in gold, which left the country. Some of it came to Canada. You probably have returned it to us by this time, but during your crop moving period our shipments of gold from New York to Canada were about \$30,000,000. To prevent the money market from feeling the effect of these large exports of gold and to avoid the necessity of advancing Federal Reserve Bank rediscount rates with the repercussions abroad which might follow such action, and to facilitate the exports of our surplus crops, the Federal Reserve System decided upon a policy which would keep money easy in the United States in the face of these abnormally heavy movements of gold out of the country. As gold was shipped out, we would buy treasury certificates and thus put back in the market, the money that had been taken out of it because of the gold shipments.

After the 1st of January, there is always a return flow of currency from the agricultural sections, and very often at this period money becomes redundant in the financial centres. In January therefore the Reserve Banks began to sell Government securities, and during January and February, they sold \$150,000,000 of Treasury certificates, which they had previously accumulated, thereby taking out of the market that amount of money. The foregoing is a brief outline of the open market policy.

The Federal Reserve System does not attempt to fix commodity prices. Some economists believe that it could and should stabilize the general price level, and that its policies should be shaped with this end in view. Other economists think differently. In my opinion the Federal Reserve Banks can be helpful and have been helpful in stabilizing the price level by stabilizing

[Mr. W. P. G. Harding.]

the money market. In so far as the money market is a factor in the price of goods, a stable money market exerts a stabilizing influence on prices. But there are many things besides the cost of credit or the price of money that enter into the prices of commodities. We cannot get around the very old law of supply and demand. If both the United States and Canada should produce an abnormally heavy crop of wheat; and the corn states should produce a light crop of corn, you would see low prices for wheat and high prices for corn irrespective of any Federal Reserve policy. Banks cannot boost the price of one great staple commodity and reduce the price of another, regardless of the plethora of one or the shortage of the other.

Again, the operation of the tariffs of a country cuts a big figure in prices. Take the case of sugar in the United States; for instance, sugar grown in Porto Rico and Hawaii comes in free of duty and the producers can get better than 4½ cents a pound for that raw sugar, while in the case of Cuba, there is a duty of 1½ of a cent per pound on sugar, and Cuban producers have to be satisfied with about 2¼ cents per pound. There are a great many things beyond the purview of banking which cut a very decided figure in establishing prices. All a banking system can do is to bend its efforts towards stabilizing the money market, so that in so far as money is a factor the price level will not be disturbed.

I think that is all I have to say, Mr. Chairman.

The CHAIRMAN: Mr. Harding is willing and anxious I assume to answer any questions he can which will be helpful to the Committee.

By Mr. Ladner:

Q. I gather from your remarks, Mr. Harding, that on the open market they buy and sell bills or acceptances. But that is not with the general public; you do not go beyond your member banks do you?—A. Yes, we buy acceptances from brokers who are non-members.

Q. In other words in these sections where they were charging 10 and 12 per cent interest, I had the impression that the Federal Reserve Bank had power to go into a district like that and ease the rate on money by their open market operations?—A. No, it is impossible, because they do not have any acceptances there in ordinary transactions.

Q. Is it possible for the Federal Reserve Bank to control that?—A. That same question was asked at Washington about a year ago. I am glad you brought it up. You are talking about the low rates at which a prime banker's bill can be sold. One man said he lived in the State of Iowa and had occasion to send stuff to Kansas City and that when he would get his provision broker there to accept a draft for him at 60 days, nobody had ever offered to buy that draft from him at 3 per cent; the best he could do was to take it to a local bank at Kansas City, and discount it at 6 per cent. He thought that was unfair. But this is merely a matter of the quality of the Bill. Take a Bill against an International shipment where it is accepted by some well-known bank or acceptance house with millions of dollars back of it and where you know that if you need money at any time, you can sell the bill to somebody else, because there is a broad demand for it on account of the name being well known, it would naturally command a lower rate of discount than a purely local bill accepted by somebody in Kansas City with a rating at about \$10,000, and not known outside of his own town. There is a narrow market for one and a broad market for the other. You can go to any of the banks in Canada and if you have a Bill of Exchange payable in 60 days accepted by the National City Bank of New York for instance, I think the bank will make you a very low rate; but if, on the other hand you go there with an acceptance made by Jim Jones, of Kansas City, whom they had never heard of, and when they look in the Rating book they find him rated at about \$10,000, I do not think they would give you a comparable rate if they bought it at all.

[Mr. W. P. G. Harding.]

Q. A Federal Reserve Bank, even in open market operations, deals only with member banks?—A. No, the Reserve banks deal very largely with bill brokers, and opportunities to deal with those not interested in the bill market are rare. Boston is our next largest bill market in the country outside of New York, and we deal with National Banks and Trust Companies there, member banks. We deal also with a number of corporations and firms which are not member banks.

By the Chairman:

Q. These are all well-known financial concerns?—A. All well-known financial concerns. The market is open to anybody who wants to come. We require a statement from these people in order to know something about their responsibility. We would not deal with anybody without a statement.

By Mr. Ladner:

Q. In the borrowings from the Federal Reserve Bank System, do you have a periodical settlement—that is the first question—where the member banks clean up their accounts, or is it wise to have continuous borrowings?—A. We discourage continuous borrowings. We tell all our member banks that they must not abuse the facilities of the Federal Reserve System. We do not want them to discount with us at 4 per cent in order to lend money at 6 per cent, or to put money on exchange collateral on call, or anything of that sort, and if there is a tendency to abuse it, we raise our rate.

Q. That is an important point. I was going to ask you why you did discourage it, and what means you have of discouraging it?—A. The Federal Reserve System is a reserve system. If we let it come into ordinary every day use or undertake to compete with our member banks, and all the time be stretched out to the limit, what are we going to do when an emergency arises? We are Reserve banks—not commercial banks.

By Mr. Hanson:

Q. The primary purpose was to provide an elastic currency system?—A. I will read you the caption or short title of the Act. It is called, "An Act to provide for the establishment of Federal Reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States," and so forth.

By Sir George Perley:

Q. Mr. Harding, you said the lowest rate for prime bills that you know of was about $3\frac{1}{4}$ per cent. I would like to ask you, in your experience what is the maximum rate?—A. You misunderstood me. The lowest current rate on prime bills is about $3\frac{1}{4}$ but it has been as low as $2\frac{1}{4}$ some years ago.

Q. What is the smaller maximum in the last few years?—A. The Federal Reserve Board gives what we call a spread. We are authorized to make these purchases now at from $2\frac{1}{2}$ to $4\frac{1}{2}$ per cent, that is a spread of 2 per cent. I believe the maximum rate that we ever charged on a prime 30 day bill back during the time of stringent money, was $4\frac{1}{2}$ per cent.

You can see the market itself puts a limit upon the bill rate, because when you consider the commission a man has to pay a bank accepting for him, if the rate at which he can sell the bill gets too high and he has to add the commission, it might pay him better to make a straight borrowing.

By Mr. Ladner:

Q. At what date or how frequently is the Federal Reserve Bank change made?—A. The Federal Reserve rate is considered at every meeting of the Board of Directors. On an average I supposed it is changed—looking back over a period of five years, I should say the average has been about once every nine

[Mr. W. P. G. Harding.]

months. Our reserve percentage has very little to do with the rate. It is simply the trend of borrowing, the member banks' borrowings and the general course of the money market; in other words, the bill market is a criterion.

Q. Are you familiar with the operations of our Bank Act of 1914 in the matter of re-discounting?—A. Just in a general way. There is just one other statement I would like to bring out here, about the Federal Reserve System. It has been very much misunderstood in the United States. It served the country well during the war and it is admitted that the Government would have been unable to maintain the gold standard without it. It would have been obliged to resort to fiat money as it did during the Civil War. Some people in the United States and outside have an idea that the Federal Reserve System has supernatural powers. It is purely a banking system and deals with banks instead of with the general public. The Federal reserve banks do not make loans direct to individuals, firms or corporations. This business is transacted by the commercial banks just as it was before the Federal Reserve System was established. The Federal reserve banks merely rediscount eligible paper for the member banks. The Federal Reserve Board has no legislative powers and its regulations must conform to the requirements of the Federal Reserve Act. Many people have an idea that the Federal Reserve System can prevent commercial and banking failures and that it can provide employment for everybody. Federal reserve banks have no psychic powers which enable them to change human nature, they cannot make the rash cautious nor the foolish wise. In other words, it is impossible to legislate sense and prudence into a man, a good banker is going to take care of himself and an incompetent banker is going to get into trouble no matter on which side of the international boundary line he lives. As a matter of fact, there have been more bank failures in the United States during the past five or six years than in any comparable period in the history of the country. I have here the report for the year 1927 of the Federal Reserve Board, from which I shall quote some figures.

By Mr. Hanson:

Q. Before going on with the question regarding the Finance Act of Canada, I would like to ask you if your change of discount rate ever reflects a change in the rate of discount made by the Bank of England from time to time, or is there any connection between the two? Has one any reflex action upon the other?—A. Well, I should think that probably our rate in the United States has now more effect upon the Bank of England than the rate of the Bank of England has on us. I do not want to be quoted as expressing this opinion, but I would like to quote what the Governor of another Federal Reserve Bank said recently.

By Mr. Matthews:

Q. They are both based upon world-wide conditions?—A. Both based upon world-wide conditions. As I have tried to point out, our export trade is of very great importance to the United States, and whatever is of importance to agriculture for instance in United States, is equally important to Canada because we are both in the same boat to some extent. Any financial crisis in England or a very high bank rate there, would be the worst thing that could happen to our export trade. I think we are agreed upon that. It has been said that when the New York bank reduced its rate from 4 per cent to 3½ per cent—I am merely saying what has been stated by others—that the reduction was made in order to enable the Bank of England to protect its own reserves without being forced to raise its discount rates; in other words, it was felt that a spread of at least 1 per cent was necessary to enable the Bank of England to protect its gold reserves.

[Mr. W. P. G. Harding.]

Q. And maintain the gold standard?—A. And maintain the gold standard. I know it did have this result, and you can quote me in this; the Bank of England had a $4\frac{1}{2}$ per cent rate, while our Federal Banks in the United States had a $3\frac{1}{2}$ per cent rate. This differential was reflected in the bill market. Before the establishment of the Federal Reserve Act, every time a shipment of grain went out of Canada or the United States, it had to be financed in London. The Federal Reserve Act allowed the American banks to accept, and we have developed an important acceptance market. Until last year, we never went over \$700,000,000 of American bills; that was the maximum amount outstanding at any one time. Due to the spread or difference in the rate between New York and Boston and London, and to the natural desire of people to do their financing where money is cheapest, American bills attained a volume last fall during the crop movement, of over one billion dollars, an increase of three hundred millions, which presumably reflects the measure of relief to the English market. In other words, we took that much pressure off the London market and assumed it ourselves.

By the Chairman:

Q. Will you complete what you were going to say about the bank failures?

—A. I will quote from the Federal Reserve Board report, which is just out.

By Sir Henry Drayton:

Q. Did you finish what you were going to tell us about the bank failures?

—A. I am going into that now. In addition to the failures, there has been a very marked tendency in recent years in the United States towards mergers and consolidations. It was noticeable first in the matter of the railroads. Fifty years ago we had a great many independent short lines in the United States running from 50 miles up to 300 miles in length. I remember the first time I went to Washington from my home in Alabama. I rode 150 miles, changed cars at Chatanooga, waited there a few hours, then took another train on another railway and rode 200 miles to Bristol, Tennessee, where I had another wait and another change of cars; then I rode 200 miles more from Bristol, Tennessee, to Lynchburg, Virginia, on another road, where I had another change of cars to still another road; I then rode about 125 miles to Washington, where I took a train for New York. That made three changes of cars between my home town in Alabama and Washington, whereas now I can take a sleeping car at my old home and get out of it in New York without any changes. Congress has before it now the Parker Bill, which seeks to force the consolidation of railroads still farther, the idea being to have about 20 independent railways in the United States, so as to equalize earnings and get down to a more consolidated system.

The same thing has been going on in the banking field. The State of Illinois does not allow branch banks. The majority of States do allow branch banks. California is pretty strong on it; you have heard of the Bank of Italy of California. Recently there have been several mergers in New York, Philadelphia, and other cities. Public sentiment in the United States is rather divided on the branch banking question. Twenty years ago there was almost an unanimous sentiment against branch banking but there has been a strong shift of opinion. It is coming around more and more to branch banks and mergers. Here is what the Federal Reserve Board has to say about it. It says that the active member banks on January 1, 1927, numbered 9,260, that is, out of a total of 27,000 banks in the United States, only about one-third of them are members of the Federal Reserve System. On December 31, 1927, the active

[Mr. W. P. G. Harding.]

member banks numbered 9,034, a net decrease for the year of 226. Here is what the Board says about that:

During the year 154 banks, joined the system and 101 banks withdrew, so that there was a net voluntary accession of 53 banks to the membership of the system. Of the banks that joined, 83 were newly organized National banks (including 1 bank organized to succeed a member bank that had previously suspended) and 61 were State banks entering the system, 32 becoming national banks, and 29 being admitted as State institutions. Ten banks which had previously suspended resumed operations. Of the member banks that withdrew from the system, 24 were state banks that withdrew after advance notice to the Federal Reserve Board, 2 were dropped from the membership in the system at the expiration of their State charters, twenty were banks succeeded by non-member banks organized for the purpose, and 55 were absorbed by existing non-member banks.

The excess of banks joining the system over banks withdrawing was off-set by losses incidental to mergers and suspensions.

In the matter of failures the Board says:

Decline in the frequency of bank failures during 1927 reflected in part the previous elimination through failure of a large number of weak institutions and in part improvement of economic conditions. In certain of the important agricultural areas and particularly in some of the western, northwestern, and southern states, increased production and higher prices resulted in increased agricultural income and a consequent liquidation of indebtedness at the banks. It was, furthermore, in the regions that had a large number of banks in relation to population, that earlier failures had chiefly occurred, and the remaining banks, which were stronger and better managed, also had the advantage of proportionately larger number of depositors.

The following table shows, by Federal reserve districts, the number of banks that suspended during 1926 and 1927.

In 1926, 956 banks failed. There were none in the Boston district, none in the New York district, four in the Philadelphia district, 9 in the Cleveland district, 61 in the Richmond district, 162 in the Atlanta district, 182 in the Chicago district, 77 in the St. Louis district, 283 in the Minneapolis district, 112 in the Kansas City district, 50 in the Dallas district, and 16 in the San Francisco district.

In 1927 a bank (not a member bank) suspended in the Boston district. I may say it was due to unsound banking methods. By districts, there were two in the New York district; none in Philadelphia; 29 in the Cleveland district; 43 in the Richmond district; 63 in the Atlanta district; 124 in the Chicago district; 82 in the St. Louis district; 142 in the Minneapolis district; 100 in the Kansas City district; 44 in the Dallas district; and 32 in the San Francisco district, a total of 662 in 1927 as compared with 956 in 1926. I have not the figures for 1925 and 1924, but there was an even larger number in those years. The deposits in these failed banks in 1926 amounted to \$272,000,000, and the failed banks in 1927 had deposits of \$193,000,000. You will find that it was the small banks mainly that failed; 37 per cent or 247 had less than \$25,000 of capital; 25 per cent or 165 had \$25,000 capital; 9 had from \$25,000 to \$49,000, and only 2 per cent had from \$200,000 to \$600,000. The number of banks that suspended in towns of less than 500 people was 266. You can see that a bank in a town of less than 500 people with a capital of less than \$25,000 cannot do very much banking business nor could it afford highly competent management. Many of these banks used to pay 6 per cent on time deposits therefore some

[Mr. W. P. G. Harding.]

people would take a chance, and when they began to withdraw their deposits the little banks would close. A hundred and forty-two banks failed in towns of less than one thousand people. In towns of 2,500 and over, there were 128 which closed last year.

The Federal Reserve Board also discussed bank mergers. There seems to be a growing tendency towards getting together.

By Mr. Hanson:

Q. What is the policy of the Board with respect to mergers?—A. I do not think the Board has announced a policy. They are watching the situation closely. It has no control over mergers. Legislation by Congress last year has facilitated mergers.

Q. Are they opposed to it?—A. I do not know that they are. I know that at least one member of the Board is in favour of a more unified system of banks with branches. He is a strong believer in the Canadian system. I will not give his name, but he is outspoken in his views.

By Mr. Woodsworth:

Q. Would you say there was any period of credit difficulty in the United States comparable to the post-war period, or that the Federal reserve system did not substantially reduce the credit strain from which bank failures result?—A. Well, I think the credit strain in 1893 is comparable—I remember that—I do not remember 1857, as I was not here then—but 1893, I remember very well and that was a pretty strenuous year. We did not have as many banks in those days, of course. The population was not as great. You have to get a proper proportion on these things. Mere numbers do not convey the idea.

Q. Would the existence of a Federal reserve system not tend to ease the strain and thus make the tendency to bank failure less?—A. It does with member banks. I do not know that it has much effect on the non-member banks. A Federal Reserve Bank cannot do anything for a non-member bank. A Federal Reserve Bank can discount eligible paper and good paper for member banks only in its own district. It cannot do anything for a member bank in another district except indirectly, by rediscounting for a Federal Reserve Bank. Furthermore, a Federal Reserve Bank is not allowed, except by special permission of the Federal Reserve Board, which has rarely been given, to rediscount for a member bank eligible paper which bears the endorsement of a non-member bank, on the theory perhaps that the non-member is not a member of the club, and not entitled to the privileges of the club.

By Hon. Mr. Stevens:

Q. Mr. Chairman, I have prepared a number of questions I wanted to ask Mr. Harding, but his most excellent outline of the system I think, has answered a great many questions.—A. If you will let me interrupt for just one moment, I have just one more statement to make, and then I am through and will be ready for questions. I was talking of the tendency toward consolidations and mergers in the United States. There the Board has some very interesting figures: In 1915, there were 55; in 1916, 56; in 1917, 35; in 1918, 36; in 1919, 80; in 1920, 77; in 1921, 104; in 1922, 125; in 1923, 120; in 1924, 124; in 1925, 120; in 1926, 154; in 1927, there were 259.

By Mr. Hanson:

Q. Do they have to have any governmental sanction of any sort, or are they purely voluntary on the part of the banks?—A. In the case of a National bank and State bank merging, if they are going to take the National bank charter, the government has a look in. If it is the other way round, it has not.

Q. If State banks are merged?—A. Not if they are non-member banks.

[Mr. W. P. G. Harding.]

By Hon. Mr. Stevens:

Q. I was going to follow that question you have been discussing, Mr. Harding, regarding membership in the Federal Reserve Bank, as it relates to a State bank. I think you said a moment ago that there were—I have an extract from the Federal Reserve Bulletin here—something like 1,700 State banks that were members?—A. 1,600 or 1,700, I think.

Q. I want to get this clear, because I think it is important. The total number of State banks amount to between 18,000 and 20,000 roughly?—A. Yes.

Q. You may not be able to answer this question, but I would like you to if you can. Of this number of 18,000 or 20,000 State banks, have you any idea, or would, say, 10,000 be a correct or approximately correct number of State banks eligible for membership?—A. I think perhaps that would be rather excessive.

Q. Have you any idea roughly of what number they would be?—A. We cannot very well tell whether a State bank is eligible for membership, unless it applies and is examined.

Q. I quite appreciate that it would be difficult. Let me put it this way: A good many State banks that could qualify have not made application to join?—A. I am familiar with the situation in New England, and I will tell you why a good many eligible State banks there have not made application to join. I will confine myself to my own bailiwick, in order to give you a clearer idea. The mutual savings banks are a very large factor in banking in New England. They have no capital stock. They each have a Board of Trustees. They are big investment trusts. The law limits the investments they can make to certain classes of securities, real estate loans and so on; and after paying their expenses they pay a dividend to the depositors. In many cases they pay four and a half per cent. Hardly any of them pay less than four. I doubt whether a mutual savings bank could retain its deposits if it paid less than four per cent.

Mutual Savings banks have been in operation in New England a number of years, and have been highly successful. The total deposits of the Mutual Savings banks of New England, are about three hundred million dollars more than the total deposits of all the member banks in New England. Now, the member banks, both the National Banks and State banks have time deposits, and they have savings' deposits. Their savings' departments are modelled after the mutual savings' banks, in their procedure. They have a pass book, and they pay out no money except on presentation of the pass book; and they have a right to claim thirty days' grace if they want to on any payment although they do not exercise that, except in case of emergency, of course. Now, the laws of the various States in New England respecting reserves have been modified during the last ten years, so that now, as far as a State bank which is a member of the Federal reserve system is concerned, no matter what the State law regarding reserves is, all the member bank has to do is to comply with the Federal reserve requirements, and then it is exempted from complying with the laws of its own State with respect to reserves. The Federal Reserve Act does not distinguish between savings' accounts and other forms of time deposits. It merely requires a reserve of three per cent on all time deposits, and requires a reserve of ten per cent on demand deposits, in the case of the Boston banks, and seven per cent on demand deposits in the case of all banks outside of Boston; but in the case of all member banks, the law requires three per cent on time deposits, without distinguishing between savings' accounts and other time deposits. The savings' banks are not required to carry any specific cash reserves with anybody. The States supervise their investments, and that is sufficient. And, with the exception of the State of Vermont, no New England State requires any chartered bank, trust company, or State bank

[Mr. W. P. G. Harding.]

to carry any reserve on savings' deposits, in order to enable them to compete more successfully, you see, with the savings' banks. The State of Vermont requires a three per cent reserve; that is the only one that does; but Connecticut, Massachusetts, Rhode Island, Maine, and New Hampshire do not. Now, that I think is the reason why about 225 banks which would be very desirable member banks do not come in. That is also the reason why three trust companies which we have lost from membership in the last three years have withdrawn from the system. They have very friendly feelings for it, but they say it costs too much. They say, in other words, "as non-member banks, we do not have to carry this reserve on our savings, and it is too expensive."

Q. That is the Boston system?—A. Yes.

Q. That leads to a question that I was going to ask and while it may seem a repetition, I will put it in the form I have it here, to get it clear on the record; and that is this: that the Federal Reserve Bank demands from its member banks, as you have already stated, a deposit with them of say, seven to ten per cent of their demand deposits, and three per cent of their time deposits?—A. Yes.

Q. Now then, do the Federal Reserve Banks pay interest on those deposits?—A. I might say, in the case of Chicago and New York, the reserve on demand deposits is thirteen per cent. These two cities are classified as central Reserve cities. Banks in cities such as Boston and Philadelphia and about fifty others classified as Reserve cities, must carry a reserve on demand deposits of 10 per cent, and banks located in all other cities and towns must carry a 7 per cent reserve on demand deposits, but the reserve of 3 per cent on time deposits is uniform for all banks wherever located. The Federal Reserve banks pay no interest on deposits.

Q. These deposits are made by the member banks with the regional Federal Reserve Bank?—A. Yes.

Q. Does the regional Federal Reserve Bank pay any interest to the member banks for these deposits?—A. It does not.

Q. Is that a matter of dissatisfaction with the member banks?—A. Originally it was. In the New England district, there was some dissatisfaction, and we adopted the system some years ago of holding stockholders' meetings get the members together once a year, letting them conduct the meeting, and at the first meeting the question came up why the Federal bank did not pay interest on deposits. We threshed it out, and here is what we told them. We said, "in the first place we are a reserve bank, and our excess earnings will average only about five hundred thousand dollars a year; after we pay our dividends, we have about five hundred thousand dollars a year to carry to surplus." Now, if we paid two per cent interest on \$150,000,000 of deposits, that would be \$3,000,000 a year. It is clear that we cannot pay that \$3,000,000 a year, unless we go out and earn it. How can we earn it as a reserve bank? In other words, if we go out into active business, if we could induce Congress to amend the law so that we can go to your own towns and cities and offer to discount paper at four per cent, we can pay you the interest, but we would everlastingly play "heck" with your business; we would reduce your interest rates; we would put some of you out of business; everyone would want to do business with the Federal reserve bank. You cannot lend money at four per cent and pay taxes and interest on deposits. We do not pay taxes except on real estate. Do you want to lose a very substantial part of your earnings for the sake of putting the Federal Reserve Banks in position to pay you interest on an average of about five per cent of your deposits? That is about the figure, because the average between the reserve required on time and demand deposits is about five per cent of total deposits. And they voted unanimously that they did not want any interest on deposits, and we have not heard of that question since.

[Mr. W. P. G. Harding.]

Q. In other words, that emphasizes the point that you are a reserve bank, and not a competing institution?—A. In other words, we cannot be a reserve bank and an active competing bank at the same time. We have to be one or the other.

Q. I notice that the statement of the Reserve Bank—I get this on the record for the matter of convenience—shows under “liabilities” an item of member banks’ reserve account, \$2,362,000,000?—A. That is a combined statement, yes.

Q. That is the funds to which we are now referring?—A. Yes, for all reserve banks combined.

Q. Now, another question, Mr. Harding, regarding the resources. I do not know whether you can answer this or not, but as near as I can judge from checking up the statement, this is the figure that I arrived at; that the bank resources of banks which are members of the Federal Reserve system amount to about sixty per cent of the total bank resources of the United States. Would that be about correct? And about forty per cent are under control?—A. No, it is about seventy-five per cent.

Q. It is now about 75 per cent?—A. Yes. You see, the large banks are nearly all in, and although they are numerically in the majority, the other banks that are out are so much smaller that the banks which are members of the Federal Reserve system have about 75 per cent of the banking resources of the United States.

Q. Your estimate would be about seventy-five?—A. About 75, yes.

Q. Now, another question that you have already dealt with pretty completely. A statement was made by Mr. Phipps the other day in which he quoted an article or speech made by Mr. Mellon. I have the speech here in the “American Bankers’ Journal,” and by the way, it is a very interesting speech. There is one part of it which was quoted the other day, and which I will read to you and if you will be good enough to give us your opinion, I shall be glad.

This appears on page 637 of the American Bankers Association Journal of February, 1928, and is a report of Mr. Mellon’s address; anyway, it is an article by Mr. Mellon which was contributed I think.

The work which the Federal Reserve System is doing is along sound, constructive lines. But the greatest mistake would be to expect the impossible. It is not a panacea for all the financial and economic ills which may befall the country. Neither the Federal Reserve System nor any other system can control prices. The most that system can do is to influence to a limited extent, from time to time, the total volume of credit and its cost. While credit is one factor in influencing prices, it is neither the only factor nor the controlling one; and it would be asking the Federal Reserve System to perform the impossible if it is to be charged with the responsibility for controlling prices merely because it can exercise a limited control over the amount of credit available.

Then he adds farther on, making an appeal apparently to the public, for their co-operation and support:

It is left for us to make certain that the System shall not be endangered by loading it down with extraneous or impossible tasks.

That is all I will quote.

WITNESS: I agree with every word of it, and I want to say further, that in my opinion, Mr. Mellon is better qualified to express an opinion on banking and finance than any other man in the United States.

Q. That is a very satisfactory answer, as far as I am concerned, because I might modestly say that it coincides with my own view. You have already given us a very excellent explanation of your open market transactions and I will

[Mr. W. P. G. Harding.]

merely ask one question to round my own questions out, and it is this; the Federal Reserve Bank in any of their open market purchases, purchases only paper that bears the endorsement of first, member banks, or institutions whose standing is beyond reproach?—A. Yes.

Q. In other words, it must have the endorsement of a very highly reputable financial concern?—A. Yes. You must bear in mind that this paper acquired by purchase by the Federal Reserve Bank is eligible as security for Federal Reserve notes, and if we are to issue Federal Reserve Bank notes on either 100 per cent gold or 40 per cent gold and 60 per cent paper, it is necessary that we have good solvent liquid paper back of those notes, otherwise we would get into all sorts of trouble. There has been one dominant idea in the organization of the Federal Reserve System. It was not designed to create in the country an institution that would put every other bank out of business. It was intended to aid and supplement the existing banking system, not to throttle it. It was to provide something that our banks could go to in times of stress, or, to quote the caption of the Act.

To provide for the establishment of Federal Reserve Banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States,—

to take care of their legitimate requirements and direct their policies along right lines, as far as possible, rather than to start a big system of competing banks, which, by reason of exemption from taxation would come in, and ability to issue circulating notes would soon have become dominant. The people of the United States, do not want a Central Government bank and will not stand for it. The nearest approach they were willing to make was the Federal Reserve system of regional banks owned by the banks themselves.

Q. Neither you nor the members of your Board have any desire to enter into competition?—A. No, not at all.

Q. One other question in regard to this statement, the item marked "other deposits \$17,000,000"; would that be deposits of State banks, not members?—A. Possibly to some extent, but I imagine that that relates more to deposits of foreign banks of issue. A non-member bank is allowed to carry deposits with the Federal Reserve Bank to off-set transit items; in other words, the Federal Reserve System is open for the collection of cheques from non-member banks, provided they make deposits to cover the amount of their cheques in transit, but very few of them have ever availed themselves of this privilege.

Q. That is a free collection?—A. A free collection.

Q. They do not avail themselves of it?—A. Not the non-member banks. Some of the smaller member banks have fought the par clearance system very bitterly. They do not like free collection of cheques, which deprives them of the exchange charges they formerly made.

Q. As a matter of fact, under the free collection system, there is not very much expansion in your business in that line, is there?—A. Well, speaking for the Boston bank, we handle from 250,000 to 400,000 cheques a day in that one bank.

Q. That represents a very large sum, but it is not actually credited until it is actually collected?—A. No. We give a deferred credit. We know exactly how long it is going to take. We have a wire transfer system, and as soon as we know a cheque has been paid, we give credit for it without waiting for returns by mail. The Federal Reserve banks settle balances with each other through the gold settlement fund.

Q. That is by wire direct from one district to another?—A. By wire direct.

Q. Such credits to member banks for instance, on a collection given to a member bank, on a bank in another district, while there is what you call a deferred credit given, it is only given where there is a deposit maintained by the client of the bank?—A. Yes.

(Mr W. P. G. Harding.)

Q. That is true, is it not?—A. Yes. Not only does the Federal Reserve Bank pay no interest to anybody on deposits, but member-banks have to make reports of their deposits from time to time, and we check up their reserve requirements very closely. The city banks report twice a week, and country banks, twice a month. If a bank which ought to carry \$100,000 for reserve carries only \$90,000 for a period, instead of allowing it interest on its \$90,000 we charge it interest on the \$10,000 it does not carry, as a penalty for deficient reserve.

By Mr. Ladner:

Q. I think this is important. I started the question, but will go over it again. We have in this country the Finance Act of 1914, which is a species of rediscount; in your opinion, Mr. Harding, would it follow from a banking point of view, that the discount rate there would vary and change approximately as that of the Federal Reserve System?—A. I really do not feel competent to answer that question. I should think if your Government has any leeway in the matter, that the Banking Board would base their interest charges upon general money market conditions.

Q. There is one other question. Sir Herbert Holt, whom you no doubt know, a prominent banker in this country, in his recent report of 12th January, 1928, stated:

In international banking circles the opinion is being inground that a world shortage of gold will be experienced unless effective international co-operation prevents the accumulation of unnecessarily large individual holdings by central banks. Should such a shortage develop, it must necessarily result in a gradual decline in price levels and resultant loss and unsettlement in business.

May I ask if your view concurs with that? or varies from it?—A. Well, in principle. There may be some modifications to consider, but in principle I think it is correct.

Q. Sir Herbert Holt continues:

Intelligent co-operation between the more important gold-holding countries can prevent any such difficulties arising, but this may involve changes in policy on the part of a number of countries not in the first rank in international finance. The gold holdings of Canada are accumulating and will reach still higher figures, as and when a larger volume of note circulation is made necessary by the greater volume of business arising from the growth of the country. Neither Great Britain, Germany, or other commercially important countries, except the United States, keep metallic reserves proportionately as large as those now held in Canada.

Do you know about that Mr. Harding, as to the proportionate reserves?—A. Well, that varies, of course, from time to time sometimes. Take Poland for instance; which is not regarded as a rich country; after they got their stabilization loan, I think the Bank of Poland had the largest percentage of gold reserve in Europe, and one of the largest in the world, but that percentage will be reduced as the proceeds of the loan are expended.

Q. Having in mind the close proximity of Canada to the United States and the exchange on the money markets, supposing in our gold reserves we had an amount which appeared never to have been used or necessary since 1914, in all our business and economic activities, as a banker, would you consider it sound, if that unused portion in the course of that time were used, let us say in the reduction of the National debt? In other words, if we have \$185,000,000—

The CHAIRMAN: Mr. Ladner, I do not want to interrupt the question but our time will be up soon. I am not going to call it 1 o'clock. We all want Mr. Woodsworth and Mr. Spencer to go on; it is grilling, I know.

[Mr. W. P. G. Harding.]

By Mr. Ladner:

Q. That is my last question, Mr. Harding.—A. I hardly feel qualified to answer that question. That is something your own financiers and bankers can determine better than an outsider can guess at it for you.

The CHAIRMAN: We will give just as long a time as Mr. Harding will stay with us.

Mr. WOODSWORTH: There are some others Mr. Chairman but this is something I would like to ask. I have only two or three questions to ask of Mr. Harding.

By Mr. Woodsworth:

Q. Mr. Harding, you have suggested that control of the Federal Reserve is not so much through discount rates as through open market operations. There are alterations in the discount rates, for what purpose?—A. To bring the rate in line with the market; in other words, we would not want to maintain a 4 per cent discount rate if we had a 6 per cent money market. We would raise the rate. It would be futile for us to do otherwise. The rates on a prime bankers' bill is the best guide as to what the market is.

Q. I notice an English publicist has said recently:

Up to last week it had kept the price of credit low, with a bank rate of $3\frac{1}{2}$ per cent, and the volume of credit was expanding while prices remained stable.

That apparently would mean good conditions, because he went on to speak of stabilization and so on, and then proceeded:

What actually happened is fairly clear. The new credit was ample and cheap. But it did not go to purposes which would increase wages and make a mass demand for goods. It went to finance, speculative dealings in stocks and real estate. Perceiving this, but impotent to prevent it by any subtler action, the Federal Reserve Board raised its bank rate to 4 per cent, and proceeded at the same time to curtail the volume of credit.

—A. Let me say right here that the recent advance in the rate from $3\frac{1}{2}$ to 4 per cent, so far as the New York Stock Market was concerned, caused a slight reaction for two or three days, but it had no lasting effect whatever. Note the prices of the more active stocks such as Radio and General Motors on the New York Stock Exchange to-day as compared with prices before the Bank rate was raised. The Hon. Mr. Davis, Secretary of Labour has been making a study of labour conditions in the United States; he has just estimated the number of unemployed at 1,870,000. He does not suggest that there is anything wrong with the Bank Act or the Federal Reserve System; he does not blame the Federal Reserve System for unemployment but he makes a suggestion which I think is eminently sound. If the Governments throughout the world would act upon this policy, they could iron out these variations in the demand for labour, just as the Federal Reserve System has been trying to iron out the variations in the money market. That is, in times of great industrial activity, when private capital is employing labour fully and there is a general demand for labour, let governmental activities be slowed down, and in times of depression when private concerns have few orders and there is nothing very much doing, then is the time for Governments to go ahead with building programs and internal improvements, giving employment to labour and getting more efficient work, thus ironing out these periods of extreme depression. This is a matter the Federal Reserve System has nothing to do with. It has no control over the labour situation in the United States.

[Mr. W. P. G. Harding.]

Q. It had nothing to do with the speculation in stocks at that time?—
A. I do not think it did.

Q. Or any effect upon it?—A. I know the discount rate has little effect in the agricultural sections because farmers and merchants borrow from the member and non-member banks, and I never heard of current money rates in rural districts being as low as 4 or 5 per cent. I want to say another thing: We tried an experiment in 1915. The Federal Reserve Board issued a regulation in 1915 authorizing a special commodity rate. We wanted to test out what the Federal Reserve system could do in the way of promoting orderly marketing, by aiding producers to market their crops gradually and avoid the usual rush to market. We issued a regulation under which a Federal Reserve Bank could discount paper secured by warehouse or elevator receipts for grain and cotton or other agricultural staples, for ninety days at a three per cent rate, provided the borrowing bank would certify that it had lent the money in the first instance to the producer at not over six per cent. In this way, we gave the banks in the South and West an opportunity to lend a farmer cheap money to enable him to carry over part of his crop and market it gradually. The Federal Reserve Bank could advance the member bank money at three per cent if the member bank had lent money to the farmer at not more than six per cent. Very little use was made of this opportunity. The banks generally preferred to lend at their usual rates, and if rediscounts were needed to pay the standard rate, they seemed to be afraid that a lower level of interest rates would be established, if they should make loans at 6 per cent. After several months trial of the plan, the Board withdrew the regulation.

Q. Do I understand then that your system, the Federal Reserve system has not any effect in the direction of stabilizing the general price level?—

A. I did not say it has no effect. It has whatever effect that a stabilization of the money market has, but I agree with Mr. Mellon's statement, that the cost of credit is only one factor, and not by any means the most important factor.

Q. You do not consider that there is a direct relationship between the price level and the value of the dollar?—A. Well, of course, there is a certain relationship between the purchasing power of the dollar, and the general price level.

Q. I am getting at an understanding of what you have said there, if I may; that if it does affect the stabilization of the money market, is not that another way of saying it does affect the price level?—A. To a limited extent. It is only one of a number of factors, and not the most important factor.

Q. You say in the United States there is a fear of central control in one central bank?—A. Yes.

Q. The regional bank system is designed to overcome such centralization, I am thinking in terms of Canada. Our banking system is centred in two cities in the east, in Montreal, and in Toronto. That is what I have in mind behind this question. Supposing there were a centralization in New York and Boston, or New York and Chicago, would that be considered satisfactory for the United States?—A. Banking in the United States is a highly competitive business. Boston is the largest city in New England, and the banks there have more deposits than any other city in New England. Although, as a result of mergers, there are now in Boston only about one-fourth the number of banks there were 30 years ago, there is keener competition between the banks in Boston than there is in any other city of which I have knowledge.

Q. Perhaps I have hardly made myself clear. If everything were concentrated in the eastern cities, or if you had no regional banks in the west, would that be considered satisfactory to the people in Kansas or California?—

A. No. With this present population and resources they would of course

[Mr. W. P. G. Harding.]

organize banks of their own. Is the fact that the banks in Canada are concentrated in Toronto and Montreal due to the law, or is it because there is no need for home-office banks in other sections?

Q. No, but it is at the present time confined in that way.—A. Is there no competition between your banks here in Canada?

Q. The headquarters of all the banks are located in two cities?—A. Well, I say, is there not competition between them? Do they compete in any way?

Q. Yes, but there is no competition from outside places. We have no regional system by which we have western areas?—A. From what I know of your situation in Canada, it would be absolutely impossible for you to have a regional system in Canada such as we have in the United States, because you have not the banks to take the Reserve Bank stock. If you started a regional system of banks, you would have to find some way of raising the capital. Would the Government own it, or would you invite private capital to come in? How would you work it out? I do not presume to advise you what to do in Canada, but I think I know enough about your situation to know that a Federal Reserve system, organized on the same basis as in the United States would be impossible in Canada.

Q. We are not suggesting that, of course, in any way, but I would like to ask one further question. You said that in 1907 a panic at that time would have been impossible under the present Federal Reserve system?—A. Yes.

Q. Would you say the Federal Reserve system would prevent any future panic?—A. No, it would prevent a currency panic. The Federal Reserve system cannot prevent wars, earthquakes or some unexpected cataclysm; but all that is claimed for the Federal Reserve system by its friends is that it can effectively prevent a pure currency panic such as the panic of 1907.

The CHAIRMAN: Mr. Spencer?

By Mr. Spencer:

Q. Mr. Chairman, the time being late, I will not trouble Mr. Harding with more than three short questions, if I may. One is, what is the attitude of the ordinary banks towards the open market operations of the Federal Reserve Board?—A. The ordinary bank?

Q. Yes?—A. Taking the banks by and large, I think they approve of the operations. I know of some individual cases where banks, possibly for selfish reasons, would prefer that the Federal Reserve Banks keep out of the market and let them control this business.

Q. Second, do the Federal Reserve Banks or the Federal Reserve Board attempt to regulate the general business or the price level in the United States?—A. The Federal Reserve Banks and the Federal Reserve Board all have their statistical departments. They study the situation very closely, but there are so many factors connected with general business in the United States, that I think it would be futile for them to attempt to regulate it. One thing that affected business very seriously in the United States last year was the flood in the Mississippi valley, and last fall the floods in Vermont affected business in New England; in Pennsylvania the coal strikes have affected business. I do not see what the Federal Reserve Banks can do about things of that kind.

Q. It has been rumoured that in 1920, or when the Federal Reserve Banks' reserve ratio was very low, the United States government—so it is rumoured—or the Federal Reserve Board suggested to Canada and Japan not to withdraw their gold which they had on deposit in the United States. Do you know if this was so?—A. I never heard of it before, and feel safe in saying that no such suggestion was made or considered.

[Mr. W. P. G. Harding.]

Q. Then a last question?—A. Just a minute. I will say that from September, 1917, until early in the year 1919, by executive order of the President of the United States, there was an embargo on gold shipments from the United States. Shipments could be made only by virtue of permits granted by the Federal Reserve Board, which had to take into consideration the public interest. If a shipment was not incompatible with the public interest, the Board could permit it. The President issued another proclamation early in 1919, removing the restrictions on gold exports. And, during 1919, the net loss of gold to the United States by reason of shipments going out after the removal of the embargo was about \$350,000,000. I never heard of any attempt by any one to restrict gold shipments after the embargo was lifted.

Q. A last question. Are Treasury certificates the only type of paper used in the Federal Reserve Bank open market operations?—A. Is what? I did not catch your question.

Q. Are Treasury certificates the only paper used in the Federal Reserve Banks' open market operations?—A. Oh, no. They buy bills of exchange in the open market. I intended to convey the idea that the Federal Reserve Banks stand ready to make purchases of prime bills of exchange in the regular course of business at all times; when there is a good demand for bills, other banks get them, while at times, when money tightens up the Federal Reserve Banks get the bulk of them. The Federal Reserve Banks stand back of the bill market; they will buy them when no one else wants them; but the Federal Reserve Banks do not go into the bill market for the purpose of stabilizing the money market, as they do when they buy or sell Treasury certificates. The Federal Reserve Banks do not do anything primarily for the purpose of making money. They could make a great deal of money if they ceased to function as reserve banks, and went into the general banking business. The question of making money does not figure in the management of the Federal Reserve Banks. Their dealings in bills, while undoubtedly exerting a stabilizing influence, are not for the primary purpose of stabilization as is the case with their purchases and sales of short-time government obligations.

By Hon. Mr. Stevens:

Q. There was one question I overlooked. I asked Mr. Pole, two years ago, this question; and I will just read it for the sake of brevity:

Q. Are you favourable to the scheme of a Government guarantee of deposits?—A. By no means. I must cite the experience of those States, of which there are several, which have undertaken to guarantee deposits, and which have been universally a failure. The State of Mississippi is an instance.

What is your opinion on that?—A. I agree absolutely.

By Mr. Matthews:

Q. I would just like to ask this: In your opinion, does the Canadian banking system adequately take care of the requirements of Canada?

Mr. SPENCER: May I have that question again? I did not hear.

By Mr. Matthews:

Q. I asked if in Mr. Harding's opinion, the Canadian banking system adequately takes care of the requirements?—A. I can only answer that from an American standpoint. I have never heard any criticism of the Canadian banking system in the United States. We have always regarded it as a system that, under your conditions, was adequate. I have here tables, showing advances to Canadian banks from 1914 to 1928 which have been made by your Treasury Board. These advances were to supplement the ordinary resources of your

[Mr. W. P. G. Harding.]

chartered banks. They are somewhat analogous to the rediscounting by some Federal Reserve Banks for other Federal Reserve Banks. Our period of stringency in the Federal Reserve System was from the summer of 1919 to the middle of the year 1921. During this period we were engaged in very large Federal Reserve rediscounting operations for other Federal Reserve Banks. The largest amount of rediscounts at any one time that Federal Reserve Banks were carrying, for other Federal Reserve Banks was about \$360,000,000 in November, 1920. I see here, from your Treasury figures, that in 1918 the greatest amount outstanding of advances to banks was in November of that year, \$116,500,000; in November, 1919, \$112,957,000 and in November, 1920, \$123,689,000. Now, in November, 1920, the Federal Reserve Banks' rediscounts for each other were about \$360,000,000. Let us apply a proper proportion in order to compare the amount of relief rendered. I take it that in comparing the United States with Canada, except as to area, we should multiply your figures by 12. It appears therefore that in proportion to resources, the amounts advanced by your Treasury Board to Canadian banks were much larger, at the peak of the strain, than were the rediscounts of our Federal Reserve Banks for each other.

By Mr. Ladner:

Q. In other words, the operations with relation to the banking business of the country, were in excess, in proportion?—A. You advanced your banks \$123,689,000 in November, 1920, when the Federal Reserve banks were rediscounting about \$360,000,000 for each other. At this time the Federal Reserve Banks had outstanding in Federal reserve notes about \$3,400,000,000 and their loans and investments amounted to nearly \$3,000,000,000. The rediscount operations as between Federal Reserve Banks were necessary in order to enable each Federal Reserve Bank to maintain the minimum reserve required by law.

The CHAIRMAN: Mr. Harding, the Committee desire to express their appreciation of your appearing before them to-day.

The Committee adjourned until Thursday, March 29.

COMMITTEE ROOM 429,
HOUSE OF COMMONS,
WEDNESDAY, April 18, 1928.

The Select Standing Committee on Banking and Commerce met at 11 o'clock a.m., the Chairman, Mr. F. W. Hay, presiding.

The CHAIRMAN: We will deal first this morning with the resolution on Banking. At the request of the Committee, we have with us Mr. Ross, Secretary of the Canadian Bankers' Association. I understand that you are now ready to hear Mr. Ross.

HENRY T. ROSS, Secretary of the Canadian Bankers' Association, called and sworn.

By the Chairman:

Q. How long have you been Secretary of the Bankers' Association, Mr. Ross?—A. Eleven years.

Q. Had you been a banker before that time?—A. I had been connected with the Finance Department for ten years.

Q. Would you prefer to answer questions, or to make your own statements?—A. Mr. Chairman, if I may say so, I have no statement to make, and I have not any idea of what is required. If any questions are to be asked, I shall be glad to answer them as far as I am able.

The CHAIRMAN: Then, gentlemen, you have an open field.

By Mr. Spencer:

Q. May I ask, what position you held in the Finance Department, Mr. Ross?—A. I was Assistant Deputy Minister for ten years.

Q. And you have been for 11 years Secretary of the Bankers' Association?—A. Yes.

Q. There is a question I would like to ask; I do not know whether you will be able to answer it, or whether we shall have to ask someone else. I have a letter from Saskatchewan asking this question: Is it a fact that it is the custom of certain banks to charge a dollar a month on an account, when the amount left in the account is less than \$500. I would ask you first of all, if that is customary?—A. I never heard of that being customary. If I mistake not, there is some provision in the Bank Act in connection with such a matter.

Q. I understand, and Mr. Ross will probably correct me if I am not right, that there is a clause in the Bank Act prohibiting any bank charging anything to a customer without his consent?—A. That must be a matter of contract.

By Mr. Robinson:

Q. I believe there is such a charge made by some banks in the United States?—A. Yes, I believe it is quite usual there.

The CHAIRMAN: Mr. Ladner, you have some questions?

[Mr. Henry T. Ross.]

By Mr. Ladner:

Q. In the operations under the Finance Act of 1914, do you know whether it is a practice for the banks to have what is called continuing borrowings?—A. Continuous borrowings?

Q. Yes?—A. I think each bank borrows according to its requirements, and the borrowings are cleared up from time to time. A bank usually arranges, some time early in the year, for its possible requirements. Any borrowing that is done has to be cleaned up within a year; that is the term, unless there is an extension. I think, so far as my observation goes—I have not got actual knowledge—the accounts are usually cleaned up frequently, because no bank is anxious to keep on paying interest any longer than serves the immediate purpose.

Q. Are you familiar with the method by which the rate of interest is fixed under the operations of the Finance Act?—A. That is a matter for the Treasury Board to determine. The Treasury Board determines the rate of interest, based probably, I would infer, upon the rate in New York; although the rate there changes more frequently than it changes here. There is a steadiness about the rate here.

By Mr. Irvine:

Q. Steadily high?—A. No, it is moderate.

By Mr. Ladner:

Q. We had evidence the other day from Mr. Hyndman, I think it was, that the rates had been changed by the Treasury Board three times since 1914?—A. Yes, it was five per cent for a very long period, and I think the first change—I have a recollection of that—the first change was brought about by the fact that money was cheaper in New York, and some of the banks intimated—I am speaking now from mere hearsay on my part—that we could more conveniently borrow in New York, than to borrow from the Finance Department, and the Government here would lose the interest, which was a gain—unless it was modified.

By Mr. Donnelly:

Q. On the first of November, 1927, it was lowered to four per cent, and on the first of September, 1927, to three and three-quarters. Why those two changes in one month?—A. You will have to ask the Minister for that. The matter originated wholly with the Minister.

Q. Don't you think it strange that there should be two reductions just at the time of a lot of speculation?—A. No, I do not think the speculation had anything to do with it.

Q. There was a demand for money at that time for speculative purposes?—A. I think the Minister was on the eve of asking the banks for a loan at four per cent, and he thought he could hardly charge them that much if he was going to get a loan for three years of forty odd millions, at four per cent; he would have to give them a margin. I do not know that. You would have to inquire from the Minister. I do not know the operation of his mind. It surely originated with him.

By Mr. Ladner:

Q. The rate of the Federal Reserve Bank in New York, or even of the Federal Reserve banks—we learned from Mr. Harding, that the rates of interest are quite uniform in the United States. That is, with the twelve regional banks; they have power to make a variation, but in practice they are uniform. Now, taking the North American continent as an economic unit, and they are interdependent, that is, the two nations; as a banker, do you not think that there

[Mr. Henry T. Ross.]

should be a closer relationship in the adjustment of rates of interest between the Federal Reserve banks and the Treasury Board than now exists?—A. If you will pardon me, I think Mr. Harding made it very clear that rates were not uniform; that in western areas, and where prime paper was not offered, the rates were materially higher, that there was a substantial variation and that it was not possible to secure uniformity for that very reason. And he gave figures, if I remember—I heard him here—to show that western rates might be substantially in excess, and if you examine the Federal Reserve Bulletin, you will find the rates there changing.

Q. Those are the rates on time bills?—A. Yes.

Q. But I am referring to the rates as between one Federal Reserve Bank and another, the Federal Reserve discount rates?—A. There have been variations.

Q. He mentioned an instance of one variation between Chicago and New York?—A. Yes. Recent.

Q. You recall that?—A. Yes.

Q. And he explained that the results of that were such that hereafter there would be no variation, that the Central Board in practice would see to it that the rates were uniform. I have his evidence here. I do not wish to take the time of the committee in looking it up, but I am pretty certain of my grounds, that there is a uniformity of rates so far as the different Federal Reserve Boards go?—A. That does not mean the uniformity of rates to the public, though.

Q. Oh, no. The value of the bills, and the prime bills and other securities will vary according to the security?—A. Yes.

Q. But, on a given prime bill the Federal Reserve discount rate is uniform so far as the different Federal Reserve banks go?—A. I am not so sure of that. I would like to see a copy of the Federal Reserve Bulletin, because the table of rates in the different regional districts, I know, shows variation; it may be that it is between borrowers and not between Federal Reserve banks. It may be as you say.

Q. Assuming that there is a uniform rate for the Federal Reserve banks in the States, do you think that in the practice of banking and financial operations as between the two countries, the rate in this country under the Finance Act would necessarily conform to the rate down there?—A. No, I think not. Not necessarily.

Q. Why not?—A. The conditions are very, very different here in this country. We have a sparse population; the transactions are relatively less, and machinery has to be set up which, in relation to the business done, costs a great deal more.

By Mr. Irvine:

Q. May I interject a question there? You just indicated that the Treasury Board here have altered the rates because of an alteration in New York?—A. No, I did not say that. I do not know what caused the Treasury Board to change.

Q. If I recall rightly, one of the Departmental officials here said that was the reason why they changed. I asked him. Now, if your statement be correct, that the conditions are so different, then we should see to it that the rates are not changed according to New York. But, they are being changed according to New York?—A. It would be very difficult to see to it, as you express it, in any effective way. I do not see how by legislation, or any conclusions reached here, the price of money could be settled.

[Mr. Henry T. Ross.]

By Mr Ladner:

Q. Now, Mr. Ross, have you an idea of the gold reserve in Canada approximately at the present time?—A. Perhaps \$97,000,000. I think I have a statement here, if I may get it.

Q. Yes, we would like to have it?—A. At the end of February, the gold held by the Department of Finance was \$93,973,000, of which a little over three millions was held against deposits in the Post Office savings bank, leaving a balance of \$90,966,000, held against issues of Dominion notes.

Q. That is, held against the issues of Dominion notes, did you say?—A. Yes.

Q. Is there any other gold which the Dominion Government holds?—A. Not as far as I am aware.

Q. What gold would the banks hold?—A. You will get that in the return.

Q. Have you got that?—A. I think I have a copy of a statement here. Sixty-six million, at the end of February, the same time.

Q. Do you know if any of the banks in England, outside the Bank of England hold gold?—A. I do not know, I am sure. The English banks do not publish detailed statements of their assets. They have a lump sum for gold and balances, in the Bank of England, and you cannot tell how much they have of gold.

Q. But, they have gold holdings, though?—A. I do not know, I am sure. I would expect they would have, but I have no knowledge.

Q. For the purpose of the record: under the Federal Reserve system, gold of course is lodged with the Federal Reserve banks, and member banks hold certificates?—A. I do not know that the banks are compelled to hand over all their gold to the Federal Reserve banks.

Q. But in practice they do?—A. Largely, yes.

Q. But in Canada, both the Government has the gold, as you put it, \$90,000,000, and the banks have \$66,000,000?—A. Yes.

Q. Now, what use do the banks make of that gold?—A. Just the same use as the Government makes of its gold. It is a reserve against outstanding obligations. It gives stability to the banking structure.

Q. Would it be better, so far as the banks and the public are concerned, if the banks' gold were placed with the Government, and the currency or note issue controlled in that way, as is the case in Great Britain and in the United States?—A. I do not think so. I think we have grown up and developed our own system to meet our own conditions, and just as Mr. Harding said, you cannot conform one system to another system simply because it works well in one country; you have to take the evolution in each country and not attempt any drastic changes unless for very sufficient reasons, and at the present time. I do not see the reasons why the change you suggest is desirable. In fact, I can see some reasons why it is not.

Q. I am not suggesting it; I am merely bringing out the data on which an opinion can be formed. In the securing by the banks of note issues from the Government, or rather under the Finance Act, in obtaining credit, the banks can, as I understand it, even place grain certificates, and are they allowed to put in Dominion and Provincial bonds?—A. Yes.

Q. Dominion bonds too?—A. Yes.

Q. And they can secure such notes from the Dominion Government as they require in their banking operations?—A. Yes.

Q. Then why could not the banks take the sixty-six million and buy bonds, and use the bonds?—A. That is an old story.

[Mr. Henry T. Ross.]

Q. I know, but I want to know what it is due to?—A. I say that it is necessary, to maintain the stability of a banking structure, that there be a reserve of gold.

Q. For what purpose?—A. For the purpose of satisfying the public. If the public thought there was no gold, and they have the right to have their notes paid in gold or Dominion notes—that is a question you might ask all over the world. Why does the United States hold gold? Why does England hold gold? Why does France buy gold?

Q. Now, you touch the crucial point. In the United States and Great Britain, where they have developed perhaps the biggest banking structures in the world, they do not do that as in this country; the gold is actually put in a central point?—A. But you are asking why the banks hold gold. You have assumed something.

Q. In another way, I am asking you why the banks' gold is not put in the Dominion Government?—A. You are assuming two things that are not correct. I understand that the banks in England do have some gold, and that the banks in the United States do have some gold.

Q. But is not that put with the Federal Reserve banks?—A. There is no legal obligation, as far as I understand.

Q. Mr. Harding made it clear that practically all the gold, except perhaps a few five-dollar pieces, is placed on deposit in the Federal Reserve banks?—A. That may be, as a matter of convenience.

Q. And on that the note issue is based?—A. Yes.

Q. Now, my point is, would it not be in the interests of the banks if the gold was put in the Dominion Government, or if their gold was used to purchase Government bonds, which is an obligation against the Dominion Government, and those bonds were used?—A. That is the point we started with. If they bought Dominion bonds with all their gold, what would become of the gold?

Q. It would go to the Dominion?—A. Would it go to the Dominion? And if so, what would the Dominion do with it?

Q. They would use it as a reserve for their note issue?—A. Well, the Government might not want to issue bonds, and the Government should not be under the obligation of issuing bonds for the purpose of furnishing currency in that way. That would be the American method of 1863.

Q. No, the Government is not under that obligation, unfortunately. They already have issued bonds to the extent of millions of dollars?—A. Then, they would have to go into the bond market to get the bonds, and the gold paid for them would be put back in the banks again.

Q. In the last analysis, the gold would find its way into the Government reserve, would it not?—A. I am not so sure of that. The Government is not making fresh issues of bonds. If the banks had to acquire Government bonds with their gold, they would have to go into the market and buy the bonds.

Q. Even on that assumption, my point is that the banks would put in these bonds for their note issues and they would have the revenue from the bonds?—A. I have said, that is an old story. You would eliminate the use of the gold?

Q. No, you would not. The Dominion Government would still have the essential requirements of gold for the note issues?—A. The Dominion Government would not have the gold.

Q. Not that particular gold, no. Perhaps you are right there?—A. They would not get that gold at all. The banks would have to buy the bonds on the market. The public who sold the bonds and got the gold would put it back in the banks. They would not give it to the Government. They would not give the Government their gold, so the Government would not have the gold.

[Mr. Henry T. Ross.]

Q. I am coming to that point. The Government would really have enough gold, as much as would be required in the practice of banking, to support a note issue. That is my contention. Now, I understand that the Dominion Government had about a hundred and eighty-five million dollars in gold. Are you sure your figures are correct?—A. They are what is here.

Q. I am informed that there is in the vaults of the Government approximately fifty or sixty millions in gold which has never been touched, or been required in the financial operations of the country since before the war?—A. I think your information is not correct.

Q. It comes from a very high authority, Mr. Ross. But you do not know about that?—A. I am absolutely certain it is not correct.

Q. My information is that there is about fifty million dollars which would not be required so far as the note issues are concerned, by the Dominion Government, and which could be used in the reduction of our national debt?—A. The Government from time to time buys the gold from the mines, and has it converted into mint bars. There may be fluctuating amounts, changing from time to time, but there is no such margin as you mention.

Q. There is no such margin?—A. Oh, no.

By Mr. Ward:

Q. May I ask a question there? Is there any control over the amount of gold that the Government requires? I mean, do they buy indiscriminately all the gold that is offered?—A. Practically so, I think. The Government gives Dominion notes, or gives a cheque on its balance in the Bank of Montreal. That is the way they pay for it. Of course, there is a limit. The Government balances are limited, and they cannot give cheques for the balance they do not have. That is the limit of their purchasing power just like any one buying anything else.

Q. Suppose, for example, that only half the gold that has been mined in the last ten years had been mined in that time; what would be the difference in the situation in respect of the exchequer as compared with to-day?—A. Not a particle of difference, because the Government, as soon as it gets the gold into mint bars, sends it to New York, and replenishes its account; it gets paid for it there, and it discharges obligations, or gets credit for it.

Mr. SPENCER: Therefore, they pay with that surplus gold.

The CHAIRMAN: Mr. Ladner was asking questions. I should like the members of the Committee, if they do not mind, to reserve their questions and not to disturb Mr. Ladner's line of thought, and the witness' line of thought.

By Mr. Ladner:

Q. Mr. Ross, assuming that there was a surplus supply of gold over and above what was normally required in the financial operations of the Government, as I have suggested of fifty million dollars; would it be feasible to use that in the reduction of the national debt, and the saving of interest? In the practice of banking, is it feasible, in case there is a shortage of gold, to buy treasury notes in New York?—A. Treasury notes? You mean Canadian Treasury notes, or the United States Government's?

Q. Treasury notes?—A. You mean obligations of the Dominion Government?

Q. Yes?—A. If the Government had, as you suggest, fifty million dollars in surplus gold, it would be the easiest thing in the world to reduce the national debt. They could go in and buy securities at the market price, and cancel them; do it over night.

[Mr. Henry T. Ross.]

Q. Supposing later on it was found on account of changing conditions in the country that they had to take care of the shortage, could they do it through the medium of treasury notes?—A. Do you mean if the Government were short of gold?

Q. Yes?—A. There is power under the Audit Act. If the Government were short of gold, that is to say, had not gold up to the legal requirements, the Government has power to borrow, and can do it in any fashion it likes, either by Treasury bills, or long term bills; sell them, and acquire credits with them, and convert these credits into gold.

Q. Making a balance between the gold supply and the notes?—A. Yes, and their obligations.

The CHAIRMAN: Mr. Ward, I interrupted you.

Mr. WARD: I would like to ask Mr. Ross a question. I think it was about two years ago that the Dominion Government purchased about sixty million dollars of gold?

WITNESS: I do not know, Mr. Ward, what the figures were. The Government has been purchasing.

By Mr. Ward:

Q. I think if I recall correctly, they did make a purchase of about sixty million dollars, and I understand they floated bonds, I presume, thirty-year bonds, to purchase this gold. My understanding is that they floated bonds to purchase the gold?—A. I do not think so.

Q. Whether they purchased gold or not, and regardless of how they issued the bonds, the fact is that we have a very large national debt, and it makes no difference; the cost to the Canadian people was just the same, and the usual bond, a thirty-year bond, I understand was issued. Now, that sixty millions of gold that was purchased had this effect, that whether it was paid for in cash or by bonds, we are still paying for it?—A. What has happened, Mr. Ward, is if the Government purchased that amount of gold, the only place they purchased it was from the mines; it was refined and stamped with the mint mark, and then it was shipped over to New York, you will find, and the Government got credit there for it, and thus extinguished its obligations in turn with the people from whom they bought it.

Q. Now, the popular theory that we are still paying for that gold and will continue to pay for it?—A. Is wrong.

Q. Is wrong, you say?—A. Absolutely.

Q. That is the point I wish to bring up?—A. I am quite sure it is wrong.

By Mr. Donnelly:

Q. Mr. Ross, under the Finance Act of 1903, I understand the Minister of Finance is allowed to make certain advances?—A. Yes.

Q. On what?—A. On Dominion Government securities, provincial securities, and on paper that represents standard commodities like wheat, and one or two other things.

Q. They are not allowed to make any advances for capital expenditure, nor for speculation?—A. No, not if they know it.

Q. Is there any way the bank can guarantee to the Treasury Board that they are not using the money for that purpose?—A. Yes, the Treasury Board has the power to inquire just as under the Federal Reserve Bank Act.

Q. How can you be guaranteed that if you hand me money, I am not going to use it for speculative purposes?—A. You are asking a question that is on everyone's tongue in the United States. It is in the Federal Reserve Act that money loaned under that system cannot be used for speculative purposes, and yet every one knows it is.

[Mr. Henry T. Ross.]

Q. And in the same way, I can use it for capital expenditure, after I get the money?—A. I think it is soon found out, because the obligation has got to be met. You might use it immediately for capital, but you have to meet the obligation in ninety days. If you do, that is an end of it. Of course, a concern might borrow immediately on the strength of Government bills, and lend it to clients; a bank might do that in the Dominion, lend to clients who were speculating. The bank has other money besides the money it gets from the Finance Act. A bank does not keep its money boxed up in water-tight compartments; it is all in one mass. I may say, though, that the banks, certainly the Canadian banks, and probably the American banks too, do not lend purposely for speculative purposes.

Q. But you cannot guarantee it?—A. No. So far as they know, it is not so used.

By Mr. Woodsworth:

Q. Mr. Chairman, I suppose on account of my having introduced this resolution, I have had a number of communications from various parts of the country with regard to it, and I should like to ask Mr. Ross to give a statement in regard to one or two matters to which my attention has been called. Here is a typical note from Winnipeg:

“There is no question that the West particularly is suffering on account of the predominating financial factors being in the East.”

Or, here is a resolution passed since this Committee has been in session by the Canso Board of Trade, and the Canso Fishermen's Federation, under date of March, 19th, 1928:—

“Whereas credit is essential to modern industry and commerce;

“And whereas the control of credit at present is in the hands of a few banks with headquarters in Montreal and Toronto;

“And whereas this has been one of the main causes of the unsatisfactory conditions in all classes of business and industry in both the Maritime Provinces and Western Canada;

“Therefore resolved that we urge upon the Government such changes in the banking system of Canada as will ensure adequate credit facilities to all sections and to all classes of industry in Canada.”

Does Mr. Ross consider that as the headquarters of the banks are, as a matter of fact, located in the two cities representing the central part of this country, there is not a very good basis for some complaint from outside sections which are much further removed, and are not perhaps able to bring so much pressure to bear on headquarters?—A. Dealing with the Canso resolution, I do not think the inference drawn from the resolution is justified. I am absolutely sure that if any fishing company is in a good solvent position it has not the slightest difficulty in getting money. In fact, the banks are competing, as never before, for a good class of business. You will notice in the resolution that not a word is said about furnishing security, or about the solvency of the concern asking for money. All they are asking for is money without reference to any underlying conditions; but if they are solvent concerns, in a liquid shape, they can get all the money they desire, or reasonably desire, for legitimate purposes. They can finance all the business that is solvent. I may say that the same thing is true in England. Within two months, the Chairman of one of the five great English banks, which control eighty per cent of the business of the country, said that although there were only five great banks, the competition between the banks was never so keen as it is at the present time, for good, legitimate business.

[Mr. Henry T. Ross.]

Q. The fact that the local branch bank manager has absolute authority over small loans and must not refer them to headquarters you think does not mean a discrimination against localities at a distance?—A. I do not think so. There might be an individual manager who has very bad judgment. It is impossible that all of the four thousand managers over the country are perfect in their judgment. One manager might turn down quite legitimate loans, but if his head office or his management knew he was turning down legitimate loans he would be reprimanded. Banks are anxious to make legitimate loans, legitimate loans that will be repaid in the ordinary course.

Q. You do not think the fact that the head office is so far away puts it out of touch with the local needs?—A. I do not think so. They have superintendents travelling about the areas, who are in constant touch with local conditions.

Q. Retail men very often complain to-day that they must be financed almost wholly by the wholesalers, that it is absolutely useless for them to go to the bank; have you any knowledge of that?—A. I have no knowledge, except a general statement I might make. If any retailer is in a liquid position he will not have the slightest difficulty in getting all the money he needs for his business; if he is hard up (to use a commonplace) and has a great many book debts that are bad, and cannot meet his obligations, and that is a regular thing, he will have difficulty with his banker.

Q. I would like to read a sentence or two, if I may, from a communication received recently from a retired judge, who has been in close touch with the business situation in Western Canada. He says:—

“You won’t get any business man to appear before the Committee, for the reason that they are not independent of the banks.”

I have asked a number of business men to appear before this Committee, who decline to appear, for that very reason. Do you think business men are so dependent upon the favour of the banks that they are afraid to give evidence?—A. No. I am quite sure there are lots of business men in this country who are independent of banks, and a banker would not undertake to say or suggest such a thing. An independent man, who is in a good position financially, if his banker complained, could go across the street and get all the accommodation he wanted. The people who are being carried along and nursed, by the banker, are the ones who are afraid to appear, because they have no case.

Q. You do not think the banks, being organized into one organization, might not make it easy for the Bankers’ Association you represent to put pressure upon these men?—A. No. As I said before, the competition was never keener, and if a bank put pressure upon a client which was not justified it is very easy for the client to go across the street and get money elsewhere. There is no question about that. The banks are anxious to get clients from one another.

Q. My friend the correspondent also goes on to point out that the banks give twice a year a full-page advertisement in the newspapers, from the biggest to the smallest village paper, and that is one reason why publicity is in favour of the bank—A. I am not aware of the fact that there is any such extensive advertising as that. The banks advertise freely, but I never remember a full-page advertisement. Perhaps when the Annual Reports are published, they might take a full page.

Q. I think so. I have seen those?—A. And those are probably paid for.

Q. I am giving you these things, not as my own ideas, but as the ideas of a number of men who cannot appear before the Committee, and I ask for your statement as to the complaints that are constantly being made. The contention has been that it is our branch bank system which has enabled a great many

(Mr. Henry T. Ross.)

industries to be established in different parts of the country. I wonder if I might read this to you:—

“Notice this fact, that whenever there is a German community, you will find industries going ahead. The reason is that the German withdraws his deposits from the banks and lends to his countrymen, to start industries. Why can't the banks do this?”

—A. I think that is very readily answered. That is quite legitimate. The men of German nationality who are willing to take the risk themselves are willing from time to time to accommodate their countrymen in the establishment of businesses, but it would be a bad thing for the banks. The banks must keep clear of that. They must be absolutely independent of any manufacturing businesses.

Q. Just along that same line, this suggestion is made:—

“Let me ask where would Oshawa be to-day? Where would Kitchener be to-day?”

“The argument, which I have often heard advanced by bankers and their on-Easy-Street-customers, is that no one is refused credit who offers good and safe security. Such I may admit is the fact, though I know of cases to the contrary, where successful industries would have been seriously crippled had not private individuals offered assistance, after banks had refused it.”

A. I think that is correct, for the reason that it is not a banker's function to take the hazards of the commencement of a manufacturing business. It must be established, and have its margin of surplus. A banker should know that it is against all principles of banking in any country. I think the German banks risk more than any other banks; certainly the English banks do not.

Q. Let me continue.

“Let me ask where would Oshawa be to-day? Where would Kitchener be to-day? Where would Tavistock be to-day had they depended upon the banks to get their start?”

He shows in detail how these three towns had their industries established by the people themselves?—A. That is perfectly legitimate and splendid, but certainly it is not the function of a banker to finance the commencement of new industries.

By Mr. Jacobs:

Q. The bank is merely a trustee?—A. Yes. A banker would have his funds all tied up, and could not move. He wants to keep his obligations liquid. If he put his money into a business concern, it might be there many years and possibly be lost.

By Mr. Woodsworth:

Q. Let me read this paragraph, since I do not know Eastern Ontario very well:—

“First take Oshawa. Not a dollar to the Cowans and the Mc-Millans; men of industry, foresight and determination. These men realized, at the initial stage of their industries how hopeless it was to expect banks to help them. So it came about that, to use the deposits of the farmers, they started the Western Bank, which then lent the local Captains of Industry the deposits of the people in the surrounding country. Thus Oshawa got its start. Then, when all became clear sailing the chartered banks entered Oshawa and secured the cream. Second, take

[Mr. Henry T. Ross.]

Kitchener, not a dollar from the banks to start it on its successful career. Then from whence came financial help? It came from the Germans. Men of that nationality are intensely loyal and trustful, one to another, and this loyalty and trust is seldom misplaced. They drew out from the banks their own deposits, and lent them to German industrial enterprise. Then when all was safe going, the banks got the benefit of industrial life, which they refused to start.

"Third, take Tavistock. A short time ago two banks opened in that village. They did this, not, by confession, to do a regular banking business except so far as gathering the deposits from a rich and prosperous part of the farming community may be regarded as such. Now, Germans largely preponderate in and around Tavistock. The same loyalty and trust was shown by them to their compatriots as was evidenced at Kitchener among the same people. So they lent to him who wished to start an industry, and thus Tavistock got a start, which promises a successful industrial future.

"Now, if the banks instead of sending Canadian money to foreign parts, would follow the example of the German, our villages and towns would take on new life. Our sons and daughters would find employment at home and the "Quota" system would be as unnecessary as the fifth wheel to a coach."

A. I think the gentleman, while he writes a very excellent letter, has a wrong conception of the functions of a bank.

Q. He differs with you; you do not believe that the banks should do that? I would like you to develop that?—A. The banks are merely to finance legitimate, solvent industries, not to take the hazards of new businesses.

Q. What about that investment of the Bank of Montreal in Mexico, of some \$3,000,000, in Sir Edward Houston's time?—A. That was before my time. I have no knowledge of it.

Q. Or the various investments in sugar in the West Indies?—A. I have no knowledge of any substantial loss there.

Q. But there were investments there?—A. Possibly; I have no knowledge of that.

Q. There were losses in connection with the Home Bank, of course, as we all know?—A. Yes.

Q. I would like to ask a question or two to get your opinion with regard to a matter I spoke of when I introduced this motion, that is, the interlocking of directors. A friend of mine tried to visualize it, what it meant, on a chart, which may give some idea of it. I do not want to go into details. I do not claim, Mr. Ross, that this blue print I am putting up on the wall is absolutely accurate; in fact I have a great many companies that are not listed here. It is merely approximate. As you will note, the directors of the four banks are indicated here; the Bank of Montreal, with its directors, Sir Vincent Meredith and Sir Charles Gordon, and so on; the Bank of Nova Scotia, with its list of directors, the Bank of Commerce, and then the Royal Bank. There is placed here in a sort of general way the combined capitalization of the companies with which one particular director is connected, and on the sides are some of the companies and their subsidiaries with which the director is connected. I mentioned in the House the case of Sir Herbert Holt. There were only 130 mentioned, but I think there are nearly 150 which I have traced. One has to read the reports, to find these things out. Sir Herbert Holt is a director in some 150 other companies and corporations besides that of the Royal Bank. The criticism which I make here, and which I have heard hundreds of people in my part of the world make is this: the fact that Sir Herbert Holt is con-

[Mr. Henry T. Ross.]

nected with the Keewatin Power Company, the Dominion Bridge Company, the Players' Canadian Corporation, the Fort William Paper Company, and so on, as well as the Ogilvie Flour Mills—we will say, if the Ogilvie Power Mills Company were in competition with the Lake of the Woods Milling Company, or some other flour mill, Sir Herbert Holt would be almost superhuman if he would prefer to give credit to the Lake of the Woods Milling Company instead of to the Ogilvie Flour Mills Company. We are not crediting Sir Herbert Holt with being below the average in business morality; on the other hand, we do not think he is above the average in business morality, and the inevitable tendency would be that a man so connected would be interested in these various corporations. Several members of the Royal Bank, for example, have in fact taken hold of Besco, and inevitably the Royal Bank has a very deep interest in Besco. Now, there are several points I would like to ask about, and I have to have a background for my questions. The first is whether under these conditions there would not be a tendency for the bank director to be prejudiced in favour of those corporations with which he is directly or indirectly connected?—A. Is that question to me?

Q. Yes, Mr. Ross?—A. I can only make the reply made by one much more experienced than myself, the present President of the Association, Mr. A. E. Phipps, General Manager of the Imperial Bank, who has had an experience of over forty years in banking, and in a large way in the last fifteen years, we will say. He said he never knew of an instance in his experience of any Board of Directors withholding credit from a legitimate industry simply because a Company that some of its directors were interested in was a rival; he never knew of any such instance, and he said there would be no trouble in the world for a company in the position you mentioned there. There are two companies in the Royal; you mentioned Besco. The Royal has several directors on the Canada Steel Company. I do not know, but very likely if the Canada Steel Corporation desired to borrow money it borrows from the Royal, some of its money at least. I think its president is a Bank of Montreal man and certainly it has two or three directors of the Royal Bank. These corporations can get money anywhere. This interlocking directorate, so far as lending or the power to borrow money is concerned, is a theory only and has no practical effect, in the judgment of Mr. Phipps.

Mr. IRVINE: Would your contention be, Mr. Woodsworth, that a banker having these other connections might cause credit to be let out when there was no really good basis for letting out the credit? Otherwise I cannot see that you have any point, because credit is not limited. If there was a limited amount of credit, and if these companies got it, there would not be any left. But there is still credit, because the banker is anxious to lend on approved securities; and unless they give credit to their favorites when there is no real basis for it, I do not think you made a point.

Mr. WOODSWORTH: I do not think he will say that there is no limit to credit.

By Mr. Irvine:

Q. You would not say that the granting of credit to a subsidiary company in which a banker was interested would affect me?—A. I do not think so, because there is enough credit to meet all legitimate demands.

By Mr. Spencer:

Q. Let me interpose a question. Do you call credit in that case an equal amount with the deposits, or, to put it in another way, is credit limited to the amount of deposits on hand?—A. Substantially. It is limited, on the assets of the institution.

(Mr. Henry T. Ross.)

Q. Or the securities that are lodged with the institution?—A. Yes, anything that belongs to the institution itself.

Q. It is almost entirely clients securities?—A. Any banking institution can only extend credit in proportion to the amount of liquid assets it has to meet the obligations which arise out of the granting of that credit.

Q. But the local assets are made up out of the securities lodged with the bank to make up the amount?—A. A whole lot of things.

By Mr. Woodsworth:

Q. My second question is based upon a complaint I have received from a Toronto business firm, that a banker gets to know the inside of business affairs, in his position as a banker?—A. Yes.

Q. And on occasion he uses that inside knowledge in favour of his own particular institution?—A. I think that question was put to Mr. Phipps, and he said that so far as his own bank was concerned, if a member of the board was in the same business as a rival, without any law on the matter, it was usual for that man to refrain, or to stay out of the meeting when that matter was disposed of, when his rival's matter was disposed of, not as a matter of law, but that it would not be decent for him to be there, to learn of his rival's affairs or try to strangle his rival in business.

Q. It would be entirely a matter of honour, on his part?—A. Not on his part, but on the part of the bank. I think that is in the code, without any writing about it.

Q. Since banks are almost semi-public utilities in that regard, might it not be a good practice to have, as we have with regard to Government institutions, that if a man takes a position in a bank he might be called upon to resign his directorate in any other concern? You will remember that some years ago the question came up with regard to Cabinet Ministers?—A. I think it would be unfortunate if bankers who are directors of a number of other corporations and also of banks had to resign, because the very best business a bank has is the business that its directors through their influence bring to the bank.

Q. I presume they are appointed because of that?—A. They are appointed largely because of their influence, and if they severed their connections, it would be a great loss to the country. We would be deprived of men of vision and good judgment in business matters.

Q. Do you not think that it would be in the public interest if in certain businesses the amounts loaned should have a certain limit?—A. No, I think that would be completely reactionary. It would be against British tradition, which is the soundest banking tradition in the world, and we would be following the tradition of the United States, which has been struggling for fifty years to get away from it. They are shot to pieces with regulations of various kinds.

Q. There are some of us who have been suggesting that there should be a central bank, not necessarily a Federal Reserve Bank, which should be a bank of issue and rediscount. Is there any reason why the Dominion Government should not issue all our currency?—A. Yes, I think the reason has been already given. It would seriously affect pioneer banking in this country, banking in pioneer communities.

Q. That is because of the practice of these banks in pioneer communities using considerable in the way of bank notes?—A. Their own notes. If they had to keep real cash there on which they were paying interest, the pioneer community would be without a bank, no doubt.

[Mr. Henry T. Ross.]

Q. What is the franchise of note issues worth to the banks?—A. Well, that is a technical question. I can only repeat what Sir Edmund Walker, who was perhaps one of the most experienced bankers who ever appeared before this committee, said. He thought from a calculation made at some time in his own institution, somewhere between one and two per cent. It might vary greatly under different conditions, but one to two per cent on the issue.

Q. There is also one very small matter, but one which in certain sections creates a great deal of criticism; when a bank note is lost, the bank is in that sense the gainer?—A. No.

Q. It remains a charge against the bank, but as obviously it can never be presented, the bank in the meantime has the use of it?—A. The banks would very much prefer, and are extremely anxious to get rid of the liability. They do not regard it as an advantage to the bank.

Q. It is a book-keeping liability?—A. It is an actual liability. Their credit stands diminished to that extent; the bank's credit stands diminished to that extent.

Q. But they will never be required to pay, if a bank note is lost?—A. There are provisions at the present time under which, if anybody can prove that a note is destroyed, not lost—because we have heard of losses which turned up again—but is destroyed, there is machinery under which the person who was the owner at the time of the destruction can be indemnified.

Q. They have to have the numbers of the notes? In practice it would be very difficult to prove?—A. No. Within three months we have had the case of notes burned in wrecks to the extent of over \$100,000. That is unusual. It usually extends over a period of years. They have been written off by the banks, because it had been learned that they were actually burned; they were notes on the way back to the bank's head office for destruction. It so happened in that case but not in all cases.

Q. That was an exceptional case?—A. Not very. I should limit that and say that in one case notes for a substantial amount, some sixty or eighty thousand dollars, were in transit from the Central Office to a Branch Office, when the train was burned and the notes were destroyed. The bank was extremely anxious to get rid of the liability, and suitable arrangements were made under by-laws for ridding the bank of the liability.

Q. I intended to ask with regard to the relationship to the price level, but that has been covered, and I know your position. I do not think we would gain very much by it?

By Hon. Mr. Stevens:

Q. On this point, a lost bank note is a liability of the bank?—A. Yes.

Q. That is, the bank's own note I am talking of?—A. Yes.

Q. When that note comes back to the bank, it ceases to be a liability?—A. Yes.

Q. If, therefore, 10 per cent of your notes were lost or destroyed, it would be a fixed liability against the bank?—A. Yes.

Q. Just the same as if the notes were in current use?—A. Just the same.

Q. And until they are obliterated by some process, they remain a liability?—A. That is correct.

By the Chairman:

Q. Might not the government some day confiscate them?—A. It has never been determined how much is lost or destroyed.

Q. They might take them away from the banks?—A. There is no way of determining how much has been lost or destroyed; the bank does not know.

(Mr. Henry T. Ross.)

By Hon. Mr. Stevens:

Q. Has any estimate been made?—A. I have never heard of any.

By Mr. Donnelly:

Q. On private loans in different parts of the Dominion are there variations in the rate of interest?—A. I am aware of that. I think Mr. Harding gave an admirable statement with regard to variations in rates, depending upon the character of the paper that is offered. While rates for what he called prime paper might be 4 per cent, rates somewhere in the United States to an individual whose paper was not known might be 8 per cent. There is certainly no convention between the banks as to what rates shall be charged the borrowers in the different provinces, so far as I am aware.

By Mr. Robinson:

Q. Mr. Chairman, I would like to ask Mr. Ross a question. He spoke about notes returned for cancellation, to the Canadian banks. Is there any statute, rule, or regulation as to when a note should be recalled on account of its worn condition?—A. No, although I may say notes are recalled at very much shorter intervals. That is the life of a note has been shortened very much in the last fifteen years. The practice has gradually improved, and the life of a note is shortened; both Dominion and bank notes.

Q. Some of the bills that I have seen looked as if they had been carried in some one's shoe. They were dirty on one side. In my travels through the United States, which have been rather extended, I always got clean bills.—A. Probably in your travels you were in the large centres, in the hotels, and the hotels make a point of getting new notes to hand out.

Q. Say, in Detroit, if you go to any bank, you will get clean notes. I know in one of the banks in Walkerville, a while ago, the teller thought the bills were not fit for circulation, and he turned them back to the Government, that is one and two dollar bills, and they sent them back, and said "They have not been used enough."

Hon. Mr. STEVENS: There is something in that. I was never so annoyed in my life as I was coming east this last trip, across the continent; with the filthy condition of the one and two dollar bills I was forced to take. They were not fit for a human being to handle. I am not saying that that is the fault of the banks, but I do say it is the fact, and an effort should be made to prevent it.

By Hon. Mr. Chaplin:

Q. I would like to ask Mr. Ross in reference to bank notes; is it not the fact that every bank in the country brings back its issue once a year, that the whole issue is new every year?—A. Well, I am not just sure, Mr. Chaplin, of the length of the life of notes. The life has been shortened materially, but it is not possible to recall all the notes; they get around the country, and there is no possibility of getting them all in.

Q. In other words, every bank in the country burns up their whole capital every year?—A. I have not any tabulation, but I think that is substantially correct, as to the note issues.

Hon. Mr. STEVENS: I was talking of Dominion notes.

By Mr. Donnelly:

Q. At the Banking Conference in 1922, was it not the unanimous opinion that there should be one central bank of issue in any country?—A. I did not get that. What conference was it?

Q. The Genoa Conference?—A. I think I remember something of that kind.

[Mr. Henry T. Ross.]

Q. We have no central bank of issue here in Canada?—A. We have in effect. The Dominion Government notes are, after all, the legal tender currency of this country. The bank notes are very subsidiary. They are not legal tender, and the banks settle their obligations between themselves, not in their own notes, but in Dominion Government notes. The Dominion Government's currency is the over-lying currency of this country, and in that sense, coupled with the Finance Act, under which Dominion notes are handed out when the banks borrow from the Government, we have a central issue.

By Mr. Spencer:

Q. Could you inform the Committee, Mr. Ross, what percentage of the trade of Canada, that is the internal trade, is carried on through the medium of notes, either Government or private bank notes?—A. I have not any figures to show that.

Q. You will remember, I think, that in 1923, when the late Sir Edmund Walker was giving his evidence, that he thought it was four per cent?—A. I would be helpless to hazard an opinion, and if Sir Edmund Walker made such a statement, I would bow to it.

Q. He was a pretty good judge of that?—A. Yes.

Q. The balance would be carried on under our very up-to-date system of cheques?—A. Yes.

Q. Therefore, we should necessarily, on a matter of banking, pay particular attention to the control of cheques?—A. Well, of course, the value of a cheque depends on the man whose name is at the bottom of it.

Q. It seems to me that all this talk we have had on banking, and money matters, has laid too much stress on the subject of bank notes, when it is cheques that really do most of the business. Now, you will admit, or I think you will not contradict this statement, that there is something (credit withdrawable by cheque) that can be produced by banks as long as they have collateral?—A. As long as they have assets.

Q. They do not have to have deposits that they can lend?—A. They must have sufficient liquid assets to meet their obligations as they mature.

Q. Liquid assets may be partly the securities of their clients to whom they have made loans?—A. That may be. The assets of a bank are a very complex affair.

Q. We have reports from men like Professor Adam Shortt, of Canada, and Mr. McKenna, of the Midland Bank of England; they make the statement.

Hon. Mr. STEVENS: I could not hear the statement. I shall be obliged if Mr. Spencer will repeat his question.

Mr. SPENCER: I am sorry if I have not spoken loud enough, but there is considerable conversation in the room. I was saying that talking of this matter of banking, and monetary matters, we have laid far too much stress on the matter of note issues, when the note issues only do about four per cent of the business of this country.

Hon. Mr. STEVENS: That is the statement. I was trying to get the question.

Mr. SPENCER: As we only do about four per cent of the business of Canada by bank notes, therefore, it is of importance that we should give due consideration to the other medium that we use to transact business, that is, cheques.

Hon. Mr. STEVENS: Very good, but still I do not know what the question is.

By Mr. Spencer:

Q. I wanted Mr. Ross' admission of that, but I think he agrees with it. Do you admit that?—A. Which? That we might give more attention to the question of cheques?

Q. Yes?—A. I do not know, I am sure.

Q. To the creation of credits withdrawable by cheques.

[Mr. Henry T. Ross.]

Mr. IRVINE: They give so much attention to these cheques that they will not take one of mine.

WITNESS: I cannot say how a bank might regard Mr. Irvine's cheque, but mine might not be very highly regarded. I may say that a bank regards generally, among its items of assets, cheques on other banks. They regard that as a good asset because it is realizable the next day. In ninety-nine and a decimal percentage of cases, very few cheques come back that are not redeemed. That works so smoothly, that I do not think it need occasion any concern.

By Mr. Spencer:

Q. The point I want to get at is this; and it is a very important one: that the development of industry in the country is not limited by the amount of savings' deposits that can be loaned?—A. Everything depends upon what position the banks' assets are in.

Q. Can you answer my question definitely?—A. No, I cannot make a definite answer. One institution is in a very liquid position; it may have the same amount of deposits as another. It is in a very liquid position, and it is in a position therefore, to make grants of credit. Another institution may have its assets so tied up, to use an expression, that it cannot grant credit. The Home Bank, for instance, could not grant credit.

Q. Is the development of trade limited to the lending of deposits?—A. These deposits have gone through a dozen processes since they were deposited, and they are in some other form altogether from what they were at first, and it depends on the character of the change as to what the immediate position is.

Q. The point is, is trade limited to the lending of deposits?—A. I do not think I can give a categorical answer to that, because deposits do not remain in the bank in the same position as when they were made. They are changed over night.

Q. It is difficult to get an answer to my question, but an hon. member said that the money the bank lends is not its own?—A. If a bank has so much deposits, and if it is carefully administered, and is in a good position, it can certainly extend credit.

By Mr. Irvine:

Q. May I ask a question? I was going to ask, in the case of a bank that has apparently come to the limit of its credit, would it affect its credit adversely if I solicited a loan from it on very excellent security. It seems to me that if my security were good, it would not impair the position of the bank at all, and I do not see why it could not permit the issue of a cheque on that?—A. I am not a banker, and this is only my opinion, that if an institution is very much extended, and a good concern like the one you mention, came to the bank and wanted a line of credit for a large amount, the security being absolute, yet that institution cannot extend credit to you.

Q. Would it not have to be in a bankrupt condition, and afraid of being called upon for its deposits?—A. Yes, it would be in that position, that it would be afraid all the time and could not move along in a legitimate way.

Q. Your hypothesis there is that the banking institution is not solvent; but taking the institution as solvent, the credit is not limited to the actual amount of deposits in the safe of the bank?—A. A bank can become over-loaned, just as any individual can become.

Q. So far as its liquid assets are concerned?—A. Yes, it may not be able to take on new obligations. I think at the present time, the banks are anxious for loans; they have a surplus of assets ready for loaning, but times may change, there may come hard times.

Q. They will come unfortunately.

[Mr. Henry T. Ross.]

By Mr. Donnelly:

Q. Do the eleven Canadian banks control or regulate the credit policy of the Dominion?—A. That is a very general question. As to the credit policy there is no concerted action between the banks with regard to the credit to be extended.

Q. Do you think someone ought to control the whole credit system of the banks?—A. I do not think it is possible for any individual to do that.

Q. Would you say that it is better that it should not be controlled at all?—A. I think everything would depend on the industry itself, whether it is entitled to credit or not. An industry and its banker can determine that, assuming the bank to be in a good condition, as to whether the industry is entitled to credit, and there should not be an outside power saying this industry should not have credit.

Q. Is there any regulation on the subject of credit existing in Canada?—A. I do not think so. I never heard of any.

Q. Do you not think our Treasury Board might in some way, by changing the regulations from time to time, control the credit?—A. They might, yes. They might have a depressing effect, but, as Mr. Harding pointed out the other day, the mere raising of a rate sometimes does not influence speculation. He said there was a four million share day right after the rate went up in New York.

Q. When we are borrowing or getting money from the Treasury Board, or notes from the Treasury Board, and the Treasury Board believes it is used for speculation, do you not think they could control credit by raising the rate?—A. I think they could for some months, yes. I think if the Treasury Board raised the rate to a point where it was unprofitable, and the banks could not lend at a profit, it would have an effect.

Q. Do you not think then it is possible for the Treasury Board to control credit in the same way as a Federal Reserve bank?—A. You know what Mr. Harding and Mr. Mellon said about regulating credit.

Q. I mean to a certain extent, influence if not control it?—A. Yes, it is one factor, but not the controlling factor.

Q. Our Treasury Board is not in any way exercising its influence in that respect?—A. I am not so sure of that.

Q. Apparently not, judging by the way they have changed the rate of interest?—A. I am not so sure that they might not say to a particular bank, or I am not so sure that if a bank was not regarded as in an excellent position, the Treasury might not say, "we do not feel like making advances to you." I think that is quite possible.

Q. The only changes they have made in their rate of interest, were to cut it down?—A. Yes, but they might refuse to lend at all. It is perfectly optional whether they shall lend or not; not only change the rate, but they might refuse. That would be an effective way, more effective than the rate.

By Mr. Spencer:

Q. Following up that line, Mr. Ross, in the cross-examination of Mr. Phipps the other day, he did not like to accept for the Bankers' Association the responsibility for inflation or deflation. He threw that responsibility largely on the wholesalers and retailers. He then went on to say that the Treasury Board, under the Finance Act, in issuing notes against securities of the banks, could regulate to a certain extent, by increasing or decreasing the interest rate. I think you remember that?—A. Yes.

Q. Now, in that particular case, his bank, the Imperial Bank, I understand had not borrowed through the Treasury Board. If that is so, there is

[Mr. Henry T. Ross.]

no control through the Treasury Board on the Imperial Bank, or any other bank in such a position?—A. I do not know.

Q. In that case, it would be entirely up to the bank as far as they were concerned, to inflate or deflate under their control of credit. Is not that so?—A. The banks' volume of credit depends upon its own immediate resources.

Q. That is just the point where you and I do not meet. I cannot get an answer to my question on that point. I claim, and in fact, I have very good authorities for it, that it is largely in the hands of the banks as far as they have securities to issue credit on and that the savings' deposits, or current deposits have little connection. Under the Finance Act, they are given Dominion notes, or legals?—A. Yes.

Q. And these legals are used for correcting balances between the banks?—A. They are the real money of the country.

Q. Now, the Imperial Bank has never used the Finance Act, it has never come to borrow through the Treasury Board?—A. The Imperial Bank has relatively a large amount of these legals, always has.

Q. Transferred through its exchanges?—A. Yes, they take them all the time, and some of these notes have come from borrowings under the Finance Act. The Dominion notes received through the Finance Act are only a portion of the Dominion notes that are held by the banks. You must remember that of that 97 millions of gold, the banks have received 97 millions of Dominion notes for that.

Q. Will you just explain that again?—A. That 97 millions of gold we spoke of the Finance Minister having, or 90 odd millions, the banks have received from the Dominion Government these large legals in return for that gold, and so, the large legals the Imperial Bank has, principally originating on gold in exchange for legals, are exchanged with the other banks every day. When the Imperial Bank has a balance in the clearing house, in its favour, the other banks have to pay it in Dominion notes, within an hour.

Q. I understand that, that the Treasury Board is made up of so many Ministers of the Crown, and that, under the Bank Act, as securities are lodged with the Treasury Board, if they want to put a value on those, they can call in bankers in consultation?—A. Yes.

Q. In that case, has a banker ever been called in who has an interest in the Securities?—A. No.

Q. Would the bankers, by any chance, have anything to say, or would their opinion be asked with regard to increasing or decreasing the interest rate?—A. I do not think they have been consulted. They may have made representations, or said something about it, but, the Treasury Board has acted on its own initiative.

Q. With regard to the big legals, or notes that are given to the banks against securities, the banks can place these in the Central Gold Reserve, can they not?—A. Yes.

Q. In lieu of gold?—A. Yes.

Q. So that there is a good deal more paper in the Central Gold Reserve than gold at the present time? Now, the banker that had a good deal to do with forming the Central Gold Reserve a number of years ago was the general manager of the Bank of Nova Scotia?—A. Your information is not correct.

Q. I had the information from him?—A. I happen to know about that too.

Q. Was it the intention of whoever was behind that movement, to have so much paper in the gold reserve?—A. You refer to a former general manager?

Q. A former general manager, yes?—A. With all respect to Mr. McLeod's memory, he was not concerned or consulted at the time it was done.

Q. Did he not take the stand that that should be a real gold reserve?—A. He may have advocated it, but he had nothing to do with the initiation of the policy.

[Mr. Henry T. Ross.]

Q. One or two other questions. You made the statement that if the banks did not have the right of note issue, service to outlying districts could not be given?—A. It would be limited.

Q. Now, I understand that it is permissible, under the Bank Act, for branch banks to have quantities of their own notes, which are not counted as anything but paper until passed over the counter?—A. Yes.

Q. I think that is a very good idea. Now, why could not the same thing happen if we had simply a Government issue, that the bankers could be given a quantity of Government paper, which would not be charged against them until it went over the counter?—A. That is impossible of operation, because the bank is settling its own obligations every day, and if they had these obligations, they would have two classes, one that they were obligated for, and one that they were not. It would be an impossible thing, absolutely impossible.

Q. But it is done in other countries?—A. I do not know where.

Q. Is it not done in England?—A. Does the Bank of England hand notes to the banks, and they do not pay for them? That would be news to me.

Q. No, the Bank of England deals with every branch?—A. Yes, but they have to pay for them before they get them.

Q. Is there any reason why such an arrangement could not be made?—A. There is no such thing in England as what you suggest here for Canada.

Q. Can you give me a reason why it could not be done?—A. It is impossible of performance.

Q. At one of our meetings, some weeks ago, there was a conversation on with regard to the quantity of gold held in this country, and the amount used; and the statement was made that the main use of gold to-day was in adjusting trade balances. No one carries gold about in his pocket; it is not wanted, it is not convenient. The statement was made that the main use of gold was to adjust trade balances?—A. No, to adjust trade balances in this sense, that gold represents these large notes that the banks have, and these notes are the counters used in adjusting trade balances.

Q. Bank balances?—A. Yes.

Q. I did not mean that? I mean balances of the State?—A. International trade balances?

Q. Yes. It was asked in this Committee how much gold had been transferred at different times, and how much each time between this country and the States.—A. I do not think we have had that information.

The CHAIRMAN: Did that go in Mr. Tompkins?

Mr. TOMPKINS: I do not think it has been handed in yet. Mr. Hyndman is working on it. (*See exhibits Nos. 2 and 3—pages 114, 117.*)

Mr. SPENCER: That will be very useful.

WITNESS: That is the chief practical function of gold, to adjust international balances.

By Mr. Spencer:

Q. That use of gold is largely psychological, is it not?—A. You may call it psychological.

Hon. Mr. STEVENS: Are we interested in psychology, at present?

By Mr. Spencer:

Q. We all know perfectly well that if they could not get gold, the Government would stand behind the financial institutions, and time would be given?—A. The Government has to stand behind its own issues.

Q. And behind the financial institutions too?—A. Not necessarily.

Q. Did they not do so in 1914?—A. No, there were certain changes made. They did not stand behind the banks.

[Mr. Henry T. Ross.]

Q. They enabled the banks to pay their debts in their own notes?—A. To a limited extent.

Q. They did not have to meet them in gold?—A. To a limited extent. The banks could not over-issue.

Q. I accept that. That is perfectly all right. Therefore it is largely psychological, and when the public generally recognize that fact, then we can talk very plainly about these things.

SIR GEORGE PERLEY: I suggest that Mr. Spencer ask questions. He is making a statement.

MR. SPENCER: That is all I wish to ask.

MR. IRVINE: Is this the last witness, Mr. Chairman?

THE CHAIRMAN: Unless the Committee desires some one else.

MR. IRVINE: I want to ask one question, and before I ask it, I want to say something. I think our investigation is pretty largely a fiasco in the sense that we have not made progress in getting information beyond the actual data which we already knew about the technique of banking in Canada. I do not think anyone is questioning the technique of the banking in Canada. Certainly, I am not. And while it may be improved, yet I think every one agrees that it is a very excellent system. I certainly am not opposing the branch bank system in any questions I ask, nor would I like to see it departed from. I think our questions in this investigation have been off the point, and I want to go a little deeper. First of all, I want to say that my interest arises in seeing that we shall be sure that at all times there will be sufficient credit available by the different institutions handling it, to carry on any legitimate industry in the country; and secondly, that there should be such control of that issue that we shall be ultimately prevented from the swing from boom to slump, known as inflation and deflation. Now, I want to ask the present witness whether he is absolutely convinced that it is useless to make inquiries into the possibility of controlling credit in that respect? I am not suggesting that the control of credit is the only factor involved in that, but I think he will grant that it is one of the most important factors, and to the extent that it is a factor, does he not think that a careful study of that situation by the Bankers' Association, and by any other group, or institution that he thinks should be interested—does he think that it is impossible to find at least a partial solution of that question?

WITNESS: Answering Mr. Irvine's question, I would say it is certainly a very desirable thing if crises, or if slumps could be prevented, and if prices could be kept on an even keel. I perfectly agree with that. But I fall back on what the great American bankers, Mr. Mellon and Mr. Harding (who was here), think. They do not think that through banking operations there can be a control of prices.

By Mr. Irvine:

Q. Do you not think they are influenced to a certain extent, that that is one most important factor?—A. It might to a certain extent; but Mr. Mellon states that it is not the most important factor. Mr. McKenna has been cited here several times. Mr. McKenna based his statements on the operation of the Federal Reserve Boards, and drew certain deductions. It is a very singular thing that the men responsible for the operation of the Federal Reserve Board take the opposite position to Mr. McKenna; the men who know the operation of it do not agree with Mr. McKenna.

By Mr. Spencer:

Q. My reference to Mr. McKenna was not in that relation at all, but to what he said about banking in general.—A. I am speaking of his recent speech.

[Mr. Henry T. Ross.]

By Mr. Donnelly:

Q. We have not had any evidence from the Treasury Board as to whether they have used their influence or not to control credit. Do you not think we should have some person here from the Treasury Board who could say whether they had used their influence or not?—A. It is possible that the Treasury Board may have. You cannot get any farther than that.

Q. We do not know whether they have ever used it at all?—A. I think that with the institutions in existence it has happened.

Mr. IRVINE: Does Mr. Ross think that there is a very decided relationship between the amount of money in circulation of any kind, I do not mean in currency, but anything that is used for money, and the amount of goods on the market at the present time, and the price of goods. It is a more or less technical question, it is a question of the relation of credit to goods?

WITNESS: I would hesitate offhand to express an opinion as to that.

Hon. Mr. STEVENS: Better refer it to the Research Council.

Mr. IRVINE: We might refer it to the Research Council. I do not **expect** Mr. Ross or any other banker to stand up and say it is this or that, but we do expect that the problem will be faced by those who have charge of the finances of the country, and that they will promise us to make a thorough investigation of it and report say five years from now either one way or the other.

Witness retired.

The Committee adjourned until Wednesday, April 25th.

EXHIBIT No. 2

(Submitted by Mr. G. W. Hyndman, Assistant Deputy Minister
of Finance, Ottawa, Ont.)

EXPORTS OF GOLD FROM CANADA, 1917 TO 1928

Years ended March 31	Gold-bearing quartz, dust, nuggets and bullion obtained direct from mining operations		Gold Coin		Gold bullion, n.o.p.	
	Canadian	Foreign	Canadian	Foreign	Canadian	Foreign
1916-17	\$	\$	\$	\$	\$	\$
April.....	803,638			5,028		
May.....	1,174,079		1,057	75,619		10,658,153
June.....	1,511,522			27,083,441		51,857,203
July.....	1,863,527			14,120,458		54,046,918
August.....	1,986,710			13,865		32,190,481
September.....	1,694,973			6,805		
October.....	2,062,403		14,600	4,884,456		
November.....	1,319,416		14,600	6,125		
December.....	2,523,456			30,120		
January.....	1,708,251			16,120		
February.....	1,253,424			10,030		
March.....	1,769,627			99,430		
Total.....	19,671,026		30,257	46,351,497		148,752,755
1917-18						
April.....	1,029,467			8,550		
May.....	1,168,777		275	298,984		
June.....	800,193			40,886		
July.....	1,156,760			49,025		
August.....	1,769,074		290	793,713		
September.....	1,713,572		100	93,027		
October.....	1,607,984		9,733	126,191		
November.....	1,319,154			20,638		
December.....	632,768			45,575		
January.....	466,449		29,210	55,655		
February.....	1,223,276			264,366		
March.....	801,226		3,000	38,269		
Total.....	13,688,706		42,608	1,834,879		
1918-19						
April.....	924,981					
May.....	836,474					
June.....	1,395,445					
July.....	1,226,983					
August.....	865,931					
September.....	804,779					
October.....	410,403					
November.....	771,415					
December.....	313,451					
January.....	712,549					
February.....	483,561					
March.....	456,061					
Total.....	9,202,033		(a)	(a)	(a)	(a)
1919-20						
April.....	187,460					
May.....	324,809					
June.....	511,227					
July.....	747,361	5		131,146		
August.....	345,522			220,382		
September.....	477,546	1,309				
October.....	270,721			144,660		
November.....	230,967			300,831		
December.....	289,339			24,825		
January.....	1,418,322					
February.....	756,109					
March.....	414,951					
Total.....	5,974,334	1,314		831,844		

EXPORTS OF GOLD FROM CANADA, 1917 TO 1928—Continued

Years ended March 31	Gold-bearing quartz, dust, nuggets and bullion obtained direct from mining operations		Gold Coin		Gold bullion, n.o.p.	
	Canadian	Foreign	Canadian	Foreign	Canadian	Foreign
1920-21	\$	\$	\$	\$	\$	\$
April.....	334,398					
May.....	327,209					
June.....	308,993					
July.....	123,092					
August.....	279,774					
September.....	62,166		(b)	(b)	(b)	(b)
October.....	148,129					
November.....	241,995					
December.....	227,771					
January.....	275,924					
February.....	341,043					
March.....	368,285					
Total.....	3,038,779		84	9,438,341	24,290,846	
1921-22						
April.....	178,396					
May.....	153,293					
June.....	269,946					
July.....	170,028					
August.....	90,470	2,505				
September.....	104,111		(b)	(b)	(b)	(b)
October.....	152,863					
November.....	136,126					
December.....	310,039	200				
January.....	203,389					
February.....	416,493					
March.....	346,896					
Total.....	2,532,050	2,705	500	5,027,313	18,082,533	
1922-23						
April.....	262,637					
May.....	267,201					
June.....	440,710					
July.....	344,989					
August.....	336,299					
September.....	325,266		(b)	(b)	(b)	(b)
October.....	389,320					
November.....	200,742					
December.....	419,996					
January.....	396,788					
February.....	801,280					
March.....	1,264,241					
Total.....	5,449,469		25	25,001,145	1,761,415	
1923-24						
April.....	721,781					
May.....	1,786,555					
June.....	1,943,262			15,000		
July.....	1,880,195					
August.....	299,901	850		5,005,000		
September.....	339,557			3,000,025		
October.....	142,080			4,000,000		
November.....	1,085,717			15,000	705,002	
December.....	1,881,450				7,508,071	
January.....	2,471,920					
February.....	2,102,787				1,046,703	
March.....	2,728,885				3,260,793	
Total.....	17,384,090	850		12,035,025	12,520,569	

EXPORTS OF GOLD FROM CANADA, 1917 TO 1928—*Concluded*

Years ended March 31	Gold-bearing quartz, dust, nuggets and bullion obtained direct from mining operations		Gold Coin		Gold bullion, n.o.p.	
	Canadian	Foreign	Canadian	Foreign	Canadian	Foreign
1924-25	\$	\$	\$	\$	\$	\$
April.....	1,712,666				2,051,404	
May.....	2,288,095			75		
June.....	1,985,738				200,625	
July.....	2,632,948				206,328	
August.....	2,121,399					
September.....	2,157,000			95		
October.....	2,624,921			973,337	8,371	
November.....	2,562,902			616	16,978	
December.....	2,969,188				197,431	
January.....	2,406,657				136,917	
February.....	2,189,458				102,243	
March.....	3,142,361				25,923	
Total ..	28,793,333			974,123	2,946,220	
1925-26						
April....	2,167,109				8,873	
May.....	2,471,843				16,942	
June.....	2,877,707				19,112	
July.....	2,644,260				23,080	
August.....	3,471,417					
September.....	2,993,371			3,026		
October.....	2,544,021					
November.....	3,025,027					
December.....	1,499,416					
January.....	554,411			11,000,000	1,252,539	
February.....	536,704			12,000,000	1,505,978	
March.....	1,182,808		4,000,000	1,009,733	39,053,839	
Total.....	25,968,094		4,000,000	24,012,759	41,880,363	
1926-27						
April.....	511,221					
May.....	511,345					
June.....	483,268			90		
July.....	768,748			480		
August.....	614,094					
September.....	609,492			300		
October.....	672,020					
November.....	549,049					
December.....	347,291					
January.....	702,213			36,500,000		
February.....	392,923			1,000,000	1,006,864	
March.....	692,678			3,500,000	1,004,527	
Total.....	6,854,342			41,000,870	2,011,391	
1927-28						
April.....	527,264					
May.....	525,474					
June.....	619,190		1,005	2,000		
July.....	508,831			1,217	3,007,955	
August.....	782,893			1,000,000		
September.....	891,258			100		
October.....	660,830			67		
November.....	840,573					
December.....	737,385					
January.....	785,289			27,650,625	20,392,030	
February.....	1,071,371			1,973	7,454,666	
March.....						
Total.....						

(a) No statistics available for the fiscal year, 1918-19.

(b) No statistics available by months for these years.

EXHIBIT No. 3

(Submitted by Mr. G. W. Hyndman, Assistant Deputy Minister
of Finance, Ottawa, Ont.)

TRADE OF CANADA

Monthly merchandise Trade balances, April, 1916, to February, 1928

Fiscal year	Month	Excess of Imports over Exports	Excess of Exports over Imports
		\$	\$
1916-17	April		5,695,228
	May		26,059,833
	June		31,664,627
	July		42,893,664
	August		25,828,435
	September		23,449,086
	October		16,025,422
	November		39,114,785
	December		64,526,859
	January		30,032,544
	February		3,388,360
	March		24,106,882
	Total		332,785,725
1917-18	April	19,939,482	
	May		44,570,156
	June		22,459,219
	July		89,985,876
	August		60,595,922
	September		39,537,031
	October		81,739,069
	November		121,788,174
	December		89,201,529
	January		38,904,340
	February		37,510,269
	March		16,307,010
	Total		622,659,102
1918-19	April	6,532,677	
	May	8,448,446	
	June		28,484,567
	July		21,950,876
	August		12,863,315
	September		68,860,862
	October		54,399,153
	November		49,048,324
	December		20,233,039
	January		51,521,004
	February		21,693,286
	March		34,980,277
	Total		349,053,580
1919-20	April		13,017,504
	May		25,121,704
	June		16,376,217
	July		34,477,896
	August		39,431,208
	September		22,613,103
	October		21,178,958
	November		30,277,717
	December		43,127,885
	January		17,938,222
	February		2,860,482
	March	44,290,310	
	Total		222,130,586

TRADE OF CANADA—*Continued*

Fiscal year	Month	Excess of Imports over Exports	Excess of Exports over Imports
		\$	\$
1920-21	April	42,420,236	
	May	32,902,360	
	June	26,197,400	
	July	20,357,421	
	August	10,550,619	
	September	18,717,844	
	October		25,376,963
	November		50,076,788
	December		65,067,828
	January		9,681,635
	February	5,655,317	
	March	23,132,780	
	Total	29,730,763	
1921-22	April	21,235,137	
	May	7,768,102	
	June		2,048,801
	July	5,965,747	
	August	2,784,303	
	September	215,288	
	October		21,737,905
	November		23,368,583
	December		27,135,548
	January	4,378,569	
	February	7,289,782	
	March	18,531,232	
	Total		6,122,677
1922-23	April	15,043,413	
	May		4,337,346
	June		11,438,326
	July		11,063,609
	August		7,131,669
	September		12,615,871
	October		37,029,852
	November		55,561,732
	December		41,833,133
	January	2,451,195	
	February	6,661,384	
	March	14,138,953	
	Total		142,716,593
1923-24	April	13,853,244	
	May	8,216,006	
	June		11,605,268
	July		7,403,668
	August		2,504,359
	September	2,533,629	
	October		25,659,249
	November		66,920,819
	December		59,259,656
	January		3,786,672
	February		6,197,895
	March		6,661,723
	Total		165,396,430
1924-25	April	10,654,697	
	May		33,252,737
	June		21,932,339
	July		15,589,163
	August		12,852,049
	September		18,554,338
	October		36,132,566
	November		53,646,691
	December		64,515,567
	January		17,623,773
	February		9,734,514
	March		11,250,066
	Total		284,429,106

TRADE OF CANADA—*Concluded*

Fiscal year	Month	Excess of Imports over Exports	Excess of Exports over Imports
		\$	\$
1925-26.....	April.....		1,603,899
	May.....		21,580,079
	June.....		18,801,622
	July.....		21,787,516
	August.....		30,339,340
	September.....		30,910,994
	October.....		63,720,162
	November.....		66,072,843
	December.....		99,480,639
	January.....		15,979,689
	February.....		18,021,560
	March.....		13,073,062
	Total.....		401,871,405
1926-27.....	April.....	6,886,176	
	May.....		7,029,017
	June.....		27,885,668
	July.....		22,989,885
	August.....		1,993,655
	September.....		7,763,773
	October.....		43,361,987
	November.....		66,352,241
	December.....		58,032,996
	January.....		6,460,549
	February.....		5,096,386
	March.....	3,399,344	
	Total.....		236,680,637
1927-28.....	April.....		4,106,779
	May.....		16,885,548
	June.....		6,182,225
	July.....	9,827,522	
	August.....	3,393,445	
	September.....		7,531,853
	October.....		11,885,422
	November.....		61,208,770
	December.....		48,926,853
	January.....		4,921,326
	February.....		4,379,957
	Total.....		152,807,766

INDEX TO EVIDENCE

Darby, Mr. Arthur E., Director Economic Research, Canadian Council of Agriculture.

- During last 12 years, Canadian currency exhibited high degree of elasticity and suffered less inflation and deflation than most other currencies, 12
- Dissatisfaction with Canadian system chiefly felt by agriculturists, 13
- Financing of agriculture has been done mostly by mortgage loan companies, 13
- Banking machinery lacking by which agriculturists may finance short term loans, 13
- "Local" banks, instead of large banks, could more adequately serve agriculturists, 14
- Co-operative credit and banking may be salvation of agricultural finance, 14
- Canadian banking law almost completely closes the door to short term and intermediate credit for farmers, 14
- State should provide banking institutions adequate to needs of people, or legislate to enable people to provide banking facilities for themselves, 15
- Government should issue all currency, 16
- Consolidate functions performed by Treasury Board, Department of Finance, Trustees of Gold Reserve, 16
- Establish national bank of issue and re-discount, 16
- Formation outlined of "Local" banks, 16

Harding, Mr. W. P. G., Governor, Federal Reserve Bank, Boston, U.S.A.

- U.S.A. Sub-Treasury System, 63
- U.S.A. National Banks commenced 1863, 64
- National bank notes had fatal defect, being bond-secured and therefore inelastic, 64
- Panic of 1907 caused by lack of currency and could not have occurred under Federal Reserve System, 65
- National Currency Associations, 65
- Bill in U.S.A. Senate to establish National Reserve Association, 66
- Federal Reserve System—
 - Inception, 62, 66
 - U.S.A. divided into twelve districts, 66
 - Government does not own one dollar of stock, 67
 - Nine directors in each bank, 67
 - Duties and powers of Board, 68
 - Notes, drafts and bills admitted to discount must have a maturity at time of discount of not more than 90 days, except agriculture paper which must have maturity not over nine months, 69
 - Banks fix their own rates of discount, 69
 - New York bank furnishes key to rates elsewhere, 70
 - Legal rate of interest in most States is 6 to 8 per cent, 70
 - "Prime Bills," 72
 - Organized, 10th August, 1914, 72
 - Stockholders receive 6 per cent cumulative dividends, 72
 - Every National Bank must become a member, 72.
 - Capital stock is a variable quantity, 73
 - "Open Market Committee," 74, 85
 - All gold imports eventually come to, 75
 - Helpful in stabilizing price levels, 75
 - Member banks must not abuse facilities of system, 77
 - Rate is changed on an average once every nine months, 77
 - Loans not made direct to individuals, firms or corporations, but through other banks, 78
 - One third of U.S.A. banks are members, 79

Resources are about 75 per cent of U.S.A. bank resources, 84

Mr. Mellon's opinion, 84

No interest paid on deposits, 83, 86

Arrangements made in 1915 enabling farmers get money at low interest, 88

As operated in U.S.A., would not be feasible in Canada, 89

No transaction made that is primarily for the purpose of gain, 90

More bank failures in U.S.A. during past 5 or 6 years than in any comparable period, 78

U.S.A. bank failures, 1926, 1927, 80

Bank consolidations and mergers in U.S.A., 81

Mutual savings banks in New England States, 82

Not favourable to Government guarantee of bank deposits, 90

Hyndman, Mr. G. W., Assistant Deputy Minister, Department of Finance, Ottawa Ont.

Federal Reserve System in U.S.A. duplicated in Canada by Treasury Board as far as necessary, 52

Discount rate, 53

Treasury Board amount outstanding in 1922, \$61,000,000, 54

Treasury Board amount outstanding at present time, \$14,000,000, 55

Dominion notes are backed by gold to extent of over 50 per cent, 56

Federal Reserve notes are backed by not less than 40 per cent gold, 56

Gold production in Canada, 57. (See also Exhibit No. 2, page 114.)

Gold basis, suspended during war, was resumed on 1st July, 1926, 58

In a sense, Canada was never off gold basis during war, 60

Statement showing export of gold from Canada, 1917 to 1928, 114

Statement showing monthly merchandise trade balances of Canada, April, 1916, to February, 1928, 117

Ladner, Mr. L. J., M.P.

Memorandum outlining the functions of a proposed Federal Reserve Bank of Canada, 30

Phipps, Mr. Albert E., President, Canadian Bankers' Association and General Manager, Imperial Bank of Canada.

Bank note issue privilege, 21, 23

Central bank of re-discount exists, in effect, in Canada at present time, 23

Commonwealth Bank of Australia, 23

Small banks in agricultural districts in U.S.A. show bad record during recent years, 24

Suggestion that Government lend direct to Wheat Pool commented upon, 25

Control of credit, 25

Mr. Mellon, U.S.A., on control of prices, 26, 35

Governor Harding, Federal Reserve System, U.S.A., on control of prices, 26

Fewer banks now than formerly indicates that regional banks do not serve country adequately, 27

A federal reserve bank of re-discount would not tend to strengthen smaller banks, 27

Banks in U.S.A. are making less use now of Federal Reserve Banks as means of re-discount, 29

Finance Act is satisfactory and provides credit when required, 32

Experience showed that guaranteeing of savings deposits in U.S.A. unwise, 43

No legitimate loan properly secured is refused by banks anywhere in Canada, 44

Existing banks in Canada have no objection to additional banks being incorporated, 44

Ross, Mr. Henry T., Secretary, Canadian Bankers' Association.

Interest rate changes are determined by Treasury Board, 93

Present gold reserve in Canada, \$93,973,000, 95

Present holding of gold by banks, \$66,000,000, 95

Purchases of gold by Government, 97

Keen competition between banks to get business, 99

Retailers in a liquid position have no difficulty in securing loans, 100

It is not the function of a banker to finance the commencement of new industries, 101
 Dominion Government issue of all currency would seriously affect banking in pioneer communities, 104

Financial value to banks of note issuing privilege is 1 to 2 per cent, 105

Refund is obtainable on bank notes destroyed, 105

Variations in interest on private loans, 106

Bank notes are not legal tender, 107

There is a limit to the credit a bank can offer, even if the security offered is absolute, 108

No concerted action between banks with regard to credit extended, 109

Treasury Board might possibly be able to control credit, 109

Tomkins, Mr. C. S., Inspector General of Banks, Department of Finance, Ottawa, Ont.

Present banking system of country meets needs adequately, 1

Banks can obtain advances under Finance Act by pledging municipal securities and commercial paper with Government, 1

Finance Act commenced at beginning of Great War, 1

No governmental control as to issue, extension or restriction of credit by banks, 3

Supervisors of banks have substantial loaning limits for granting credits, without reference to head office, 5

Foreign deposits take care of foreign loans, 5

Commercial deposits and savings deposits are grouped together in returns made by banks. No advantage to separate them, 5

All loans are not provided from savings deposits, 8

Banks' privilege of issuing their own currency very greatly exaggerated, 9

Total deposits in Central Gold Reserve, 9

Total cash (gold and subsidiary) holdings of banks, 10

Interest rates find their own level very largely, 10

Federal Reserve System of U.S.A. unnecessary under Canadian system, 10

Legal lending rate is 7 per cent, but no penalty for infraction, 11

Percentages of Dominion notes and gold held by banks in relation to total deposits, etc., 45

Home Bank failure, 46, 49

Unclaimed balances in banks, 46

Duties as Inspector General of Banks, 48

Bank excess circulation must be covered, dollar for dollar, by Dominion notes or gold in the Central Gold Reserves, 59



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